Q1 Interim Report 2011

ENCOURAGING TOPLINE GROWTH DRIVEN BY RESOUND ALERA™ AND UNIFIED COMMUNICATIONS

For GN Store Nord, the continued launch of ReSound Alera™ as well as growth in Unified Communications (UC), delivered consolidated organic growth of 7% in Q1 2011. GN Store Nord EBITA improved from DKK 86 million in Q1 2010 to DKK 97 million in Q1 2011 after a duty/tax-related DKK 25 million one-time provision.

For GN ReSound, organic growth in Q1 was 9%, driven in particular by strong organic growth of 23% in North America based on a continued strong uptake of the first wave of ReSound Alera™ products. Additionally, the second wave of ReSound Alera™ form factors was introduced during Q1. Based on the experience gained to date from the ReSound Alera™ launch, especially in North America, the GN ReSound revenue guidance for 2011 is adjusted from "more than 4% organic growth" to "more than 6% organic growth". In Q1, GN Resound EBITA was DKK 52 million – adversely impacted by a one-time provision of DKK 25 million related to a duty/tax claim in an emerging market. Consequently, GN ReSound changes the EBITA guidance for 2011 from "DKK 450-500 million" to DKK 425-475 million".

For GN Netcom, organic growth was 5% driven by healthy 15% growth in CC&O Headsets partly offset by (15)% organic growth in Mobile Headsets. The negative growth in Mobile Headsets was primarily driven by weak market conditions in North America related to destocking in the channel of competitor products. EBITA more than doubled compared to Q1 2010 and ended at DKK 56 million. Based on the accelerating deployment of UC, GN Netcom raises the EBITA guidance for 2011 from "DKK 250-300 million" to "DKK 275-325 million".

For GN Store Nord combined, the revenue guidance is adjusted based on the encouraging ReSound Alera™ launch from "more than 6% organic growth" to "more than 7% organic growth". As a result of the positive development in UC combined with the GN ReSound duty/tax-related one-time provision of DKK 25 million, the GN Store Nord EBITA guidance for 2011 is maintained at "DKK 675-775 million".

HIGHLIGHTS

- Total revenue was DKK 1,298 million corresponding to 7% organic growth compared to Q1 2010.
- Group EBITA was DKK 97 million up from DKK 86 million in Q1 2010. Q1 2011was impacted by a duty/tax-related DKK 25 million one-time provision.
- GN ReSound revenue was DKK 820 million, equivalent to organic growth of 9%. EBITA was DKK 52 million, down from DKK 70 million last year. EBITA was adversely impacted by a DKK 25 million one-time provision related to a duty/tax-related claim in an emerging market.
- GN Netcom revenue was DKK 476 million equivalent to organic growth of 5% and EBITA was DKK 56 million – more than a doubling compared to DKK 26 million last year. CC&O organic growth was 15%.
- Based on the encouraging launch of ReSound Alera™, the revenue guidance for GN Store Nord for 2011 is adjusted from "more than 6% organic growth" to "more than 7% organic growth". Also, with the positive development within Unified Communications combined with the GN ReSound duty/tax-related one-time provision of DKK 25 million, the EBITA guidance for GN Store Nord is maintained at "DKK 675-775 million".
- The guidance for 2011 for amortization of intangible assets and financial items is changed from "approximately DKK (50) million" to" DKK (50)-(75) million" as GN has swapped the interest on the current debt from a floating to a fixed rate.
- GN continues to forcefully pursue all legal means in the TPSA case to ensure that the final and legally binding ruling from the Austrian Arbitration Tribunal is fulfilled. During Q1, TPSA's challenges of the Austrian arbitrators' integrity have been dismissed by the Federal Chamber of Commerce in Vienna.
- On March 18, 2011, Anders Boyer was appointed CFO of GN ReSound in addition to his overall responsibilities as CFO of GN Store Nord and part of GN's Executive Management. Tom Zachariassen, previously Vice President of Business Controlling in GN Netcom has been appointed CFO of GN Netcom.

GUIDANCE 2011 – EXCHANGE RATE DKK/USD 5.5

(DKK million)	GN Netcom	GN ReSound	Other	GN Store Nord
Prior revenue	More than 10% organic growth	More than 4% organic growth		**More than 6% organic growth**
New revenue	More than 10% organic growth	More than 6% organic growth		**More than 7% organic growth**
Prior EBITA	250-300	450-500	~(30)	**675-775**
New EBITA	275-325	425-475	~(30)	**675-775**
Prior amortization, finance etc.				**~(50)**
New amortization, finance etc.				**(50)-(75)**

FINANCIAL OVERVIEW Q1 2011

	GN Netcom		GN Resound		Consolidated total*	
(DKK million)	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Revenue	476	446	820	726	1,298	1,174
Organic growth	5%	9%	9%	(2)%	7%	2%
Gross margin	58%	52%	60%	59%	60%	56%
EBITA	56	26	52	70	97	86
EBITA margin	11.8%	5.8%	6.3%	9.6%	7.5%	7.3%
Free cash flow	45	65	(65)	6	(27)	58

*) "Other" is included in the total

GN RESOUND

Driven by strong organic growth of 23% in North America based on a continued strong uptake in the market of ReSound Alera™ and the corresponding Beltone True™ family, GN ReSound delivered revenue of DKK 820 million corresponding to total organic growth of 9% in Q1.

In Q1, GN Resound's EBITA was DKK 52 million compared to DKK 70 million in Q1 2010. Q1 2011 was adversely impacted by a one-time provision of DKK 25 million related to a duty/tax claim in an emerging market. GN ReSound believes that the claim is unfounded and will defend it vigorously. Excluding the one-time provision, the EBITA-margin in Q1 2011 was 9.4%, in line with Q1 2010.

Based on the experience gained so far from the ReSound Alera™ launch, especially in the US, the revenue guidance for 2011 is adjusted from "more than 4% organic growth" to "more than 6% organic growth".

As a consequence of the duty/tax-related one-time provision, the EBITA guidance for 2011 is changed from "DKK 450-500 million" to "DKK 425-475 million".

GN ReSound's gross margin came in at 60% in Q1 – up one percentage point compared to Q1 2010. Overall, ReSound Alera™ had a positive impact on the margin. This is partially offset by higher accessory sales with a lower margin and pressure on ASPs in certain tender markets.

Q1 operating expenses were DKK 442 million, up from DKK 359 million in Q1 2010. The increase is mainly related to the above-mentioned one-time provision as well as additional investments in R&D in both Hearing and Audiologic Diagnostics Equipment and launch costs related to the second wave of ReSound Alera™.

Cash flow from operating and investing activities before financial items and tax was DKK (47) million against DKK 26 million in Q1 2010. Working capital contributed negatively by DKK 92 million, primarily driven by temporary inventory increases related to the supply chain restructuring, and the launch of new ReSound Alera™ form factors. The cash flow in Q1 2010 included DKK 19 million related to the divestment of the Belgian retail business. The free cash flow is expected to improve during 2011 and to be positive for the full year.

During Q1, GN ReSound added new form factors to the ReSound Alera™ product family with the launch of ReSound Alera™ fusion behind-the-ear (BTE) form factor, the world's first standard and power BTE product in one housing and the wireless ReSound Alera™ custom product with a remote microphone. The custom remote microphone form factor is unique in the market and is the first real innovation in custom products for many years. The placement of the microphone in the concha of the outer ear gives several acoustic benefits as it takes advantage of the natural ear, delivering wind noise reduction, more natural sound quality and better speech understanding.

The introduction of ReSound Alera™ has brought GN ReSound back in the top-segment, which is underlined by the fact that more than 75% of the ReSound Alera™ revenue stems from the top and plus segments (ReSound Alera™ 9 and 7).

In a survey of 483 dispensers in the US, the UK and the Netherlands 83% claimed that overall they were extremely satisfied or satisfied with ReSound Alera™. Additionally, 89% of the dispensers claimed that they were extremely satisfied or satisfied with the sound quality which is based on the superior Surround Sound by ReSound concept.

Hearing Instruments generated revenue of DKK 732 million, corresponding to positive organic growth of 9%. Audiologic Diagnostics Equipment generated revenue of DKK 88 million, also corresponding to organic growth of 9%.

At the annual congress for audiologists, AudiologyNOW!, GN ReSound announced wave 3 of the ReSound Alera™ family. Wave 3 consists of a mini BTE model and a full series of traditional custom products, ranging from completely-in-canal to full shell in-the-ear products. When the new products are launched in the various markets in Q3 2011, the ReSound Alera™ family will be available in a wide range of models and cover around 90% of end-user needs and preferences.

As an addition to the portfolio of ReSound Alera™ accessories, GN ReSound announced the ReSound Unite™ Mini Microphone. The new ReSound Unite™ Mini Microphone is a small, portable wireless microphone to clip on another person to transfer speech directly to the hearing instruments of a hearing impaired individual. This enables communication even in difficult listening situations, thereby expanding the listening range well beyond the capability of any directional microphones in demanding situations like visiting restaurants, attending conferences etc.

GN ReSound gained market share in the VA (Veterans Affairs) segment during Q1 and now holds around 7% of that market. ReSound Alera™ became commercially available in the VA from November 1, 2010. The ReSound Alera™ wave 2 form factors will be available in the VA from May 2011.

The ongoing transformation of GN ReSound's manufacturing and supply chain set-up is on track towards an annual cost reduction of up to DKK 200 million as a run rate by the end of 2011 and a positive net EBITA impact of DKK 75 million for the 2011 calendar year. As previously communicated, the EBITA impact of the project is skewed towards the end of the year.

GN NETCOM

In Q1 2011, GN Netcom generated revenue of DKK 476 million corresponding to 5% organic growth. Revenue in CC&O Headsets was DKK 342 million and the organic growth in CC&O was 15%, driven by UC. Growth in Mobile Headsets was – as expected – dented by a weak market in the North American retail area, predominantly related to destocking in the channel of competitor products.

In Q1 2011, GN Netcom achieved a double-digit EBITA margin of 11.8% (DKK 56 million) compared to an EBITA margin of 5.8% (DKK 26 million) in Q1 2010.

Based on the accelerating deployment of UC in Q1 2011, GN Netcom raises the EBITA guidance for 2011 from "DKK 250 - 300 million" to "DKK 275- 325 million".

GN Netcom's gross margin was 58% compared to 52% in Q1 2010. The improved gross margin reflects stronger than expected ASPs in CC&O Headsets, a constant focus on optimizing the cost structure as well as a higher percentage of total revenue deriving from the CC&O business where margins are higher than in Mobile Headsets.

In Q1, operating expenses were DKK 222 million compared to DKK 205 million in Q1 2010. The increase in OPEX predominantly reflects targeted sales and marketing costs related to capturing the UC opportunity.

Net working capital was DKK 97 million at the end of Q1. As previously communicated, net working capital is expected to increase during the rest of 2011. Cash flow from operating and investing activities before financial items and tax was DKK 44 million against DKK 59 million in Q1 2010.

The deployment of UC solutions is continuing the positive development and big and small companies alike are realizing the advantages which UC solutions can provide by optimizing communications. During Q1, GN Netcom has deployed UC headsets in a number of public and private companies and several large, global enterprises.

To facilitate easy access to UC in all price points, GN Netcom launched the Jabra BIZ™ 360 in late 2010. The corded UC entry-level headset offering will be expanded during 2011 with another solution in the Jabra BIZ™ 300 series. These products are being introduced in order to expand GN Netcom's leading position in UC.

In April, the Jabra SPEAK™ 410 speakerphone was recognized for exceptional innovation when it received the Unified Communications Magazine's "2010 Product of the Year Award". The Jabra SPEAK™ 410 speakerphone is designed for office professionals with everyday need for audio conferencing. Its compact design and travel case make it easy to carry around, and the integrated cable management ensures quick set-up.

Just a year after GN Netcom became a Gold member of the Avaya DevConnect Program, GN Netcom achieved Platinum membership at the end of March. Avaya is a leading global provider of business communication systems and services with a large market share in the CC field. Avaya was for many years exclusively selling the products of GN Netcom's main competitor.

Mobile Headsets generated revenue of DKK 134 million corresponding to organic growth of (15)%. As expected and communicated in connection with the Annual Report 2010, organic growth in Mobile Headsets was dented by weak Mobile markets in North America.

According to the market research company GfK, the Jabra brand became the leading brand for mobile Bluetooth® headsets in Europe top-5 countries (Germany, France, UK, Italy and Russia) in the first quarter with a market share of 22%.

GN Netcom has for several years been leading in the car speakerphone category and has previously launched the best selling speakerphone Jabra CRUISER. At the CTIA tradeshow in March, GN Netcom launched the successor to Jabra CRUISER – the Jabra FREEWAY. Jabra FREEWAY features the latest advances in voice control and lets you answer, end, reject, and redial calls simply by using voice commands. Other features include a built-in FM transmitter and the ability to announce incoming caller ID. The Jabra FREEWAY has already been awarded the "red dot design award 2011" and was named "Best accessory" at the CTIA by Laptop Magazine.

On March 18, 2011, Anders Boyer was appointed CFO of GN ReSound in addition to his overall responsibilities as CFO of GN Store Nord and a member of GN's Executive Management. Anders Boyer previously had the day-to-day CFO responsibility for GN Netcom. Tom Zachariassen, previously Vice President of Business Controlling at GN Netcom, has been appointed CFO of GN Netcom.

OTHER ACTIVITIES & OTHER ISSUES

Arbitration Case against TPSA

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 the 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 Arbitration Tribunal is Vienna, Austria.

The arbitration case against TPSA was initiated by DPTG in 2001 due to lack of profit sharing by TPSA. On September 3, 2010 the Arbitration Tribunal awarded DPTG approximately DKK 2.9 billion for the contract period from 1994 to mid-2004 (phase one). Despite the fact that the award is final and legally binding, TPSA did not pay the amount due within the 14-day deadline established by the Arbitration Tribunal, and the payment is still outstanding. Penalty interest of 6% p.a. will accrue until payment is received.

In order to collect the DKK 2.9 billion, DPTG has, among other measures, initiated enforcement proceedings in Poland, the Netherlands, Germany, the UK , Ireland and France. In Poland, the enforcement is handled by the Regional Court in Warsaw where a hearing took place on March 9, 2011. At the hearing, DPTG was granted 3 months to reply to the arguments set forth by TPSA. The hearing was consequently deferred and a new date for the hearing will be set no later than a month after the response from DPTG has been handed in.

Following the award rendered by the Arbitration Tribunal in September 2010, TPSA filed challenges against the arbitrators of the Arbitration Tribunal to the President of the Federal Chamber of Commerce in Vienna, claiming that the arbitrators were biased and questioning their independence. In April 2011, these challenges against the arbitrators were dismissed by the President of the Federal Chamber of Commerce.

TPSA has also filed a complaint about the arbitration process in Vienna requesting the court to set aside the Award. DPTG will vigorously reject these challenges as DPTG believes they are without any merit whatsoever. A hearing took place in Vienna on March 30, 2011. The two parties were given until July 14, 2011 to submit their pleadings in the case. A final hearing is scheduled for September 8, 2011.

On January 14, 2011, DPTG filed a claim of DKK 2.4 billion for phase two (mid-2004 to 2009) based on the directions issued by the Arbitration Tribunal in May 2010 in connection with phase one. The arbitrators have turned down TPSA's request to re-open the question of liability under the NSL contract and phase two will therefore solely be about determining the revenue generated on the NSL during phase two. A planning meeting is scheduled for June 2011.

Claim against the German Federal Cartel Office concerning Prohibition of the Sale of GN ReSound to Sonova

On May 5, 2010, GN received the complete wording of the ruling in which the German Federal Supreme Court declared the decision made by the German Federal Cartel Office (Bundeskartellamt) on April 11, 2007 prohibiting the sale of GN ReSound to Sonova unlawful. To claim compensation for the significant loss imposed on GN in connection with the German Federal Cartel Office's prohibition of the sale of GN ReSound to Sonova, GN filed a claim of EUR 1.1 billion (approximately DKK 8.2 billion) on December 22, 2010 with the district court in Bonn, Germany. The defense brief from the Federal Cartel Office is due on June 21, 2011.

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management have today discussed and approved the interim report for GN Store Nord A/S for the period January 1 – March 31, 2011.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion the interim report gives a true and fair view of the Group's assets, liabilities and financial position at March 31, 2011 and of the results of the Group's operations and cash flows for the period January 1 – March 31, 2011.

Further, in our opinion the Management's review contains a fair presentation of developments in the Group's operations and financial matters, the results of the Group's operations and the Group's financial position in general and describes the significant risks and uncertainties pertaining to the Group.

Ballerup, May 5, 2011

Board of Directors

Per Wold-Olsen Chairman	William E. Hoover, Jr. Deputy Chairman	Carsten Krogsgaard Thomsen
Jørgen Bardenfleth	René Svendsen-Tune	Wolfgang Reim
Leo Larsen	Nikolai Bisgaard	

Executive Management

Mogens Elsberg CEO, GN Netcom	Lars Viksmoen CEO, GN ReSound	Anders Boyer CFO, GN Store Nord & GN ReSound

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Consolidated Financial Highlights*

(DKK million)	Q1 2011 (unaud.)	Q1 2010 (unaud.)	Total 2010 (aud.)
Income statement			
Revenue	1,298	1,174	5,145
Organic growth	7 %	2 %	5 %
Operating profit (loss)	92	79	2,569
Financial items, net	(16)	-	(33)
Profit (loss) for the period	54	58	1,855
Development costs incurred	(123)	(109)	(455)
EBITDA	131	121	2,736
EBITA	97	86	2,595
Balance sheet			
Share capital	833	833	833
Equity	6,182	4,684	6,504
Total assets	9,574	7,360	9,806
Net working capital	3,241	901	3,172
Net interest-bearing debt	1,127	987	960
Cash flow			
Cash flow from operating activities	58	113	563
Cash flow from investing activities	(85)	(55)	(367)
Hereof:			
Development projects	(60)	(54)	(234)
Investments in property, plant and equipment	(14)	(13)	(95)
Total cash flow from operating and investing activities (free cash flow)	(27)	58	196
Key ratios			
Gross profit margin	60 %	56 %	57 %
EBITA margin	7.5 %	7.3 %	50.4 %
Return on invested capital including goodwill (ROIC including goodwill)**	42.9 %	3.1 %	43.0 %
Return on equity**	34.1 %	1.9 %	33.9 %
Equity ratio	65 %	64 %	66 %
Net interest-bearing debt (average)/EBITDA	0.4	4.0	0.4
Key ratios per share			
Earnings per share, basic (EPS)	0.27	0.28	9.15
Earnings per share, fully diluted (EPS diluted)	0.26	0.28	9.00
Cash flow from operating activities per share	0.28	0.55	2.73
Cash flow from operating and investing activities per share	(0.13)	0.28	0.95
Share price at the end of the period	49	33	51
Other			
Number of employees, end of period	~4.500	~4.200	~4.525
Market capitalization	9,933	6,731	10,336

*Based on key ratio definitions from the annual report 2010.
**ROIC and ROE are calculated based on EBITA and net profit, respectively for the latest four quarters.

Quarterly Reporting by Segment

(DKK million)	Q1 2010 (unaud.)	Q2 2010 (unaud.)	Q3 2010 (unaud.)	Q4 2010 (unaud.)	Q1 2011 (unaud.)	2010 Total (aud.)
Income statement						
Revenue						
GN Netcom	446	495	452	580	476	1,973
GN ReSound	726	789	794	855	820	3,164
Other *	2	2	2	2	2	8
Total	**1,174**	**1,286**	**1,248**	**1,437**	**1,298**	**5,145**
Organic growth						
GN Netcom	9 %	8 %	3 %	17 %	5 %	9 %
GN ReSound	(2)%	0 %	5 %	5 %	9 %	2 %
Total	**2 %**	**3 %**	**4 %**	**10 %**	**7 %**	**5 %**
Gross profit margin						
GN Netcom	52%	53%	55%	52%	58%	53%
GN ReSound	59%	59%	60%	61%	60%	60%
Total	**56%**	**57%**	**58%**	**57%**	**60%**	**57%**
Expensed development costs**						
GN Netcom	(42)	(35)	(40)	(48)	(40)	(165)
GN ReSound	(69)	(69)	(71)	(72)	(85)	(281)
Total	**(111)**	**(104)**	**(111)**	**(120)**	**(125)**	**(446)**
Selling and distribution costs and administrative expenses etc.**						
GN Netcom	(163)	(176)	(160)	(155)	(182)	(654)
GN ReSound	(290)	(330)	(335)	(318)	(357)	(1,273)
Other *	(12)	(4)	2,068	(18)	(13)	2,034
Total	**(465)**	**(510)**	**1,573**	**(491)**	**(552)**	**107**
EBITA						
GN Netcom	26	52	50	96	56	224
GN ReSound	70	63	68	128	52	329
Other *	(10)	(2)	2,070	(16)	(11)	2,042
Total	**86**	**113**	**2,188**	**208**	**97**	**2,595**
EBITA margin						
GN Netcom	5.8 %	10.5 %	11.1 %	16.6 %	11.8 %	11.4 %
GN ReSound	9.6 %	8.0 %	8.6 %	15.0 %	6.3 %	10.4 %
Total	**7.3 %**	**8.8 %**	**175.3 %**	**14.5 %**	**7.5 %**	**50.4 %**
Depreciation						
GN Netcom	(8)	(9)	(6)	(7)	(5)	(30)
GN ReSound	(23)	(23)	(23)	(25)	(21)	(94)
Other *	(4)	(4)	(4)	(5)	(8)	(17)
Total	**(35)**	**(36)**	**(33)**	**(37)**	**(34)**	**(141)**
EBITDA						
GN Netcom	34	61	56	103	61	254
GN ReSound	93	86	91	153	73	423
Other *	(6)	2	2,074	(11)	(3)	2,059
Total	**121**	**149**	**2,221**	**245**	**131**	**2,736**
EBITA	**86**	**113**	**2,188**	**208**	**97**	**2,595**
Amortization of other intangible assets acquired in company acquisitions	(7)	(7)	(5)	(7)	(5)	(26)
Operating profit (loss)	**79**	**106**	**2,183**	**201**	**92**	**2,569**
Financial items, net	-	(2)	(11)	(20)	(16)	(33)
Profit (loss) before tax	**79**	**104**	**2,172**	**181**	**76**	**2,536**
Tax on profit (loss)	(21)	(28)	(572)	(60)	(22)	(681)
Profit (loss)	**58**	**76**	**1,600**	**121**	**54**	**1,855**
Balance sheet						
Development projects						
GN Netcom	127	128	125	113	110	113
GN ReSound	716	731	740	751	755	751
Total	**843**	**859**	**865**	**864**	**865**	**864**
Inventories						
GN Netcom	74	91	107	93	105	93
GN ReSound	312	337	358	378	404	378
Total	**386**	**428**	**465**	**471**	**509**	**471**
Trade receivables						
GN Netcom	265	288	251	317	263	317
GN ReSound	721	738	747	783	788	783
Other *	22	23	10	10	7	10
Total	**1,008**	**1,049**	**1,008**	**1,110**	**1,058**	**1,110**
Net working capital						
GN Netcom	58	35	50	82	97	82
GN ReSound	775	872	860	893	950	893
Other *	68	60	2,181	2,197	2,194	2,197
Total	**901**	**967**	**3,091**	**3,172**	**3,241**	**3,172**
Cash flow						
Cash flow from operating and investing activities before financial items and tax						
GN Netcom	59	82	45	47	44	233
GN ReSound	26	(8)	(6)	57	(47)	69
Other *	(13)	12	4	(61)	(11)	(58)
Total	**72**	**86**	**43**	**43**	**(14)**	**244**
Total tax and financial items	**(14)**	**(8)**	**(18)**	**(8)**	**(13)**	**(48)**
Total cash flow from operating and investing activities (free cash flow)	**58**	**78**	**25**	**35**	**(27)**	**196**

* "Other" comprises Group Shared Services, the Telegraph Company, GN Ejendomme and eliminations.

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

Income Statement	Consolidated		
(DKK million)	Q1 2011 (unaud.)	Q1 2010 (unaud.)	Full year 2010 (aud.)
Revenue	1,298	1,174	5,145
Production costs	(524)	(512)	(2,211)
Gross profit	**774**	**662**	**2,934**
Development costs	(127)	(113)	(452)
Selling and distribution costs	(416)	(348)	(1,537)
Management and administrative expenses	(143)	(126)	(519)
Other operating income	4	4	17
Award from the arbitration case against TPSA	-	-	2,126
Operating profit (loss)	**92**	**79**	**2,569**
Financial income	14	18	82
Financial expenses	(30)	(18)	(115)
Profit (loss) before tax	**76**	**79**	**2,536**
Tax on profit (loss)	(22)	(21)	(681)
Profit (loss) for the period	**54**	**58**	**1,855**
Earnings per share (EPS)			
Earnings per share (EPS)	0.27	0.28	9.15
Earnings per share, fully diluted (EPS diluted)	0.26	0.28	9.00
EBITA	**97**	**86**	**2,595**
Amortization of other intangible assets acquired in company acquisitions	(5)	(7)	(26)
Operating profit (loss)	**92**	**79**	**2,569**

Statement of Comprehensive Income	Consolidated		
(DKK million)	Q1 2011 (unaud.)	Q1 2010 (unaud.)	Full year 2010 (aud.)
Profit (loss) for the period	**54**	**58**	**1,855**
Other comprehensive income			
Actuarial gains (losses)	-	-	(9)
Adjustment of cash flow hedges	5	-	2
Foreign exchange adjustments, etc.	(246)	220	309
Tax relating to other comprehensive income	-	(16)	11
Other comprehensive income for the period, net of tax	(241)	204	313
Total comprehensive income for the period	**(187)**	**262**	**2,168**

Balance Sheet — Consolidated

(DKK million)	March 31 2011 (unaud.)	March 31 2010 (unaud.)	Dec. 31 2010 (rev.)
Assets			
Intangible assets	3,857	3,912	4,031
Property, plant and equipment	463	462	481
Deferred tax assets	571	671	612
Other non-current assets	184	216	192
Total non-current assets	**5,075**	**5,261**	**5,316**
Inventories	509	386	471
Trade receivables	1,058	1,008	1,110
Tax receivable	39	29	38
Other receivables	2,727	486	2,714
Cash and cash equivalents	166	190	157
Total current assets	**4,499**	**2,099**	**4,490**
Total assets	**9,574**	**7,360**	**9,806**
Equity and liabilities			
Equity	**6,182**	**4,684**	**6,504**
Bank loans	1,161	1,122	1,056
Pension obligations	68	68	73
Provisions	101	72	107
Deferred tax liabilities	587	8	572
Other non-current liabilities	49	55	48
Total non-current liabilities	**1,966**	**1,325**	**1,856**
Bank loans	132	55	61
Trade payables	333	308	387
Tax payable	25	31	24
Provisions	214	288	240
Other payables	722	669	734
Total current liabilities	**1,426**	**1,351**	**1,446**
Total equity and liabilities	**9,574**	**7,360**	**9,806**

Consolidated Equity

(DKK million)	Share capital (shares of DKK 4 each)	Additional paid-in capital	Foreign exchange adjustments	Hedging reserve	Treasury shares	Proposed dividends for the year	Retained earnings	Total equity
Balance at December 31, 2009	**833**	**3,369**	**(1,885)**	**-**	**(344)**	**-**	**2,462**	**4,435**
Profit (loss) for the period	-	-	-	-	-	-	58	58
Foreign exchange adjustments, etc.	-	-	220	-	-	-	-	220
Tax relating to other comprehensive income	-	-	(16)	-	-	-	-	(16)
Total comprehensive income for the period	-	-	204	-	-	-	58	262
Share-based payment (granted)	-	-	-	-	-	-	5	5
Share based payment (exercised)	-	(92)	-		116	-	-	24
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(42)	-	-	(42)
Balance at March 31, 2010	**833**	**3,277**	**(1,681)**	**-**	**(270)**	**-**	**2,525**	**4,684**
Profit (loss) for the period	-	-	-	-	-	-	1,797	1,797
Actuarial gains (losses)	-	-	-	-	-	-	(9)	(9)
Adjustment of cash flow hedges	-	-	-	2	-	-	-	2
Foreign exchange adjustments, etc.	-	-	89	-	-	-	-	89
Tax relating to other comprehensive income	-	-	27	-	-	-	-	27
Total comprehensive income for the period	-	-	116	2	-	-	1,788	1,906
Proposed dividends for the year	-	-	-	-	-	40	(40)	-
Share-based payment (granted)	-	-	-	-	-	-	17	17
Share based payment (exercised)	-	(32)	-	-	40	-	-	8
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(111)	-	-	(111)
Balance at December 31, 2010	**833**	**3,245**	**(1,565)**	**2**	**(341)**	**40**	**4,290**	**6,504**
Profit (loss) for the period	-	-	-	-	-	-	54	54
Adjustment of cash flow hedges	-	-	-	5	-	-	-	5
Foreign exchange adjustments, etc.	-	-	(246)	-	-	-	-	(246)
Total comprehensive income for the period	-	-	(246)	5	-	-	54	(187)
Share-based payment (granted)	-	-	-	-	-	-	6	6
Share-based payment (exercised)	-	(178)	-	-	309	-	-	131
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(233)	-	-	(233)
Paid dividends	-	-	-	-	-	(39)	-	(39)
Dividends, treasury shares	-	-	-	-	-	(1)	1	-
Balance at March 31, 2011	**833**	**3,067**	**(1,811)**	**7**	**(265)**	**-**	**4,351**	**6,182**

Cash Flow Statement	Consolidated		
(DKK million)	Q1 2011 (unaud.)	Q1 2010 (unaud.)	Full year 2010 (aud.)
Operating activities			
Operating profit (loss)	92	79	2,569
Depreciation, amortization and impairment	99	95	379
Other adjustments	(17)	15	(2,079)
Cash flow from operating activities before changes in working capital	**174**	**189**	**869**
Changes in working capital and restructuring/non-recurring costs, paid	(103)	(62)	(258)
Cash flow from operating activities before financial items and tax	**71**	**127**	**611**
Financial items, net	(11)	(7)	(27)
Tax paid, net	(2)	(7)	(21)
Cash flow from operating activities	**58**	**113**	**563**
Investing activities			
Investments in intangible assets, net	(71)	(60)	(268)
Investments in property, plant and equipment, net	(13)	(13)	(93)
Investments in other non-current assets, net	(1)	(1)	(13)
Company acquisitions	-	-	(12)
Company disposals	-	19	19
Sale of disposed operations, including liabilities settled in connection with disposal of activities, etc.	-	-	-
Cash flow from investing activities	**(85)**	**(55)**	**(367)**
Cash flow from operating and investing activities (free cash flow)	**(27)**	**58**	**196**
Cash flow from financing activities*	**40**	**(21)**	**(197)**
Net cash flow	**13**	**37**	**(1)**
Cash and cash equivalents beginning of period	157	148	148
Adjustment foreign currency, cash and cash equivalents	(4)	5	10
Cash and cash equivalents, end of period	166	190	157

* Includes DKK 39 million paid dividends

Note 1 - Accounting Policies

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish interim financial reporting requirements for listed companies.

CHANGES TO ACCOUNTING POLICIES

As of January 1, 2011 GN Store Nord adopted the relevant new or revised International Financial Reporting Standards and IFRIC Interpretations as specified in note 34 in the Annual Report 2010. The new or revised Standards and Interpretations did not affect recognition and measurement materially or result in changes to note disclosures.

Apart from the changes described above, the accounting policies applied are unchanged from those applied in the Annual Report 2010.

Note 2 - Segment Disclosures

Income statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue	**476**	**446**	**820**	**726**	**2**	**2**	**1,298**	**1,174**
Production costs	(198)	(215)	(326)	(297)	-	-	(524)	(512)
Gross profit	**278**	**231**	**494**	**429**	**2**	**2**	**774**	**662**
Expensed development costs**	(40)	(42)	(85)	(69)	-	-	(125)	(111)
Selling and distribution costs**	(148)	(126)	(265)	(217)	-	-	(413)	(343)
Management and administrative expenses	(34)	(37)	(96)	(77)	(13)	(12)	(143)	(126)
Other operating income	-	-	4	4	-	-	4	4
EBITA	**56**	**26**	**52**	**70**	**(11)**	**(10)**	**97**	**86**
Amortization of other intangible assets acquired in company acquisitions	(1)	(1)	(4)	(6)	-	-	(5)	(7)
Operating profit (loss)	**55**	**25**	**48**	**64**	**(11)**	**(10)**	**92**	**79**
Financial items	3	-	(18)	1	(1)	(1)	(16)	-
Profit (loss) before tax	**58**	**25**	**30**	**65**	**(12)**	**(11)**	**76**	**79**
Tax on profit (loss)	(16)	(5)	(9)	(18)	3	2	(22)	(21)
Profit (loss)	**42**	**20**	**21**	**47**	**(9)**	**(9)**	**54**	**58**

Cash flow statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Operating activities before changes in working capital	73	61	113	134	(12)	(6)	174	189
Cash flow from changes in working capital and restructuring/non-recurring costs paid	(14)	11	(92)	(66)	3	(7)	(103)	(62)
Cash flow from operating activities before financial items and tax	**59**	**72**	**21**	**68**	**(9)**	**(13)**	**71**	**127**
Cash flow from investing activities	(15)	(13)	(68)	(42)	(2)	-	(85)	(55)
Cash flow from operating and investing activities before financial items and tax	**44**	**59**	**(47)**	**26**	**(11)**	**(13)**	**(14)**	**72**
Tax and financial items	1	6	(18)	(20)	4	-	(13)	(14)
Cash flow from operating and investing activities (free cash flow)	**45**	**65**	**(65)**	**6**	**(7)**	**(13)**	**(27)**	**58**

Balance sheet	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
ASSETS								
Goodwill	429	447	2,268	2,307	-	-	2,697	2,754
Development projects	110	127	755	716	-	-	865	843
Other intangible assets	51	63	213	246	31	6	295	315
Property, plant and equipment	23	31	229	209	211	222	463	462
Other non-current assets	164	241	608	715	(17)	(69)	755	887
Total non-current assets	**777**	**909**	**4,073**	**4,193**	**225**	**159**	**5,075**	**5,261**
Inventories	105	74	404	312	-	-	509	386
Trade receivables	263	265	788	721	7	22	1,058	1,008
Receivables from subsidiaries***	654	295	-	-	(654)	(295)	-	-
Other receivables	46	31	492	434	2,228	50	2,766	515
Cash and cash equivalents	46	30	120	158	-	2	166	190
Total current assets	**1,114**	**695**	**1,804**	**1,625**	**1,581**	**(221)**	**4,499**	**2,099**
Total assets	**1,891**	**1,604**	**5,877**	**5,818**	**1,806**	**(62)**	**9,574**	**7,360**
EQUITY AND LIABILITIES								
Equity	**1,422**	**1,134**	**3,227**	**3,185**	**1,533**	**365**	**6,182**	**4,684**
Bank loans	-	-	-	-	1,161	1,122	1,161	1,122
Other non-current liabilities	37	37	292	294	476	(128)	805	203
Total non-current liabilities	**37**	**37**	**292**	**294**	**1,637**	**994**	**1,966**	**1,325**
Bank loans	65	12	22	43	45	-	132	55
Trade payables	128	127	197	172	8	9	333	308
Amounts owed to subsidiaries***	-	-	1,494	1,467	(1,494)	(1,467)	-	-
Other current liabilities	239	294	645	657	77	37	961	988
Total current liabilities	**432**	**433**	**2,358**	**2,339**	**(1,364)**	**(1,421)**	**1,426**	**1,351**
Total equity and liabilities	**1,891**	**1,604**	**5,877**	**5,818**	**1,806**	**(62)**	**9,574**	**7,360**

Note 2 – Segment Disclosures (continued)

Additional information	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue Distributed Geographically								
Europe	57%	49%	33%	38%	100%	100%	42%	42%
North America	31%	43%	43%	39%	0%	0%	38%	40%
Rest of world	12%	8%	24%	23%	0%	0%	20%	18%
Incurred development costs	(36)	(33)	(87)	(76)	-	-	(123)	(109)
Capitalized development costs	12	11	48	43	-	-	60	54
Amortization and depreciation of development costs**	(16)	(20)	(46)	(36)	-	-	(62)	(56)
Expensed development costs	**(40)**	**(42)**	**(85)**	**(69)**	**-**	**-**	**(125)**	**(111)**
EBITDA	61	34	73	93	(3)	(6)	131	121
Depreciation	(5)	(8)	(21)	(23)	(8)	(4)	(34)	(35)
EBITA	**56**	**26**	**52**	**70**	**(11)**	**(10)**	**97**	**86**
EBITA margin	11.8 %	5.8 %	6.3 %	9.6 %	NA	NA	7.5 %	7.3 %
Number of employees, end of period	~850	~825	~3.625	~3.400	~25	~25	~4.500	~4.250

* "Other" comprises Group Shared Services, the Telegraph Company, GN Ejendomme and eliminations.
**Does not include share of amortization of other intangible assets acquired in company acquisitions, cf. the definition of EBITA.
***Net amount

Note 3 - Incentive Plans

There were a total of 782,292 outstanding share options (average strike price 69) at March 31, 2011, corresponding to 0.4% of the shares issued.

The total number of outstanding warrants in GN Netcom was 6,541 (2.0% of the number of shares). The total number of outstanding warrants in GN ReSound was 22,690 (3.7% of the number of shares).

Note 4 - Shareholdings

At May 5, 2011, members of the Board of Directors and the Executive Management, respectively, held 538,621 and 22,000 shares in GN.

At May 5, 2011, GN held 5,653,288 treasury shares, equivalent to 2.7% of the 208,360,263 shares issued. The holding covers mainly GN's long-term incentive programs.

The GN stock is 100% free float and the company has no dominant shareholders. ATP (the Danish Labour Market Supplementary Pension Fund) has reported an ownership interest in excess of 10% of GN's share capital whereas Marathon Asset Management LLP has reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated at about 50%.