Interim Report Q1 2012

CONTINUED SOLID TOPLINE GROWTH

In the first quarter of 2012, GN Store Nord continued to deliver solid topline growth as well as a significant year over year increase in EBITA. GN Store Nord delivered revenue growth of 14% and organic growth of 9% leading to consolidated revenue of DKK 1,478 million in the first quarter. Consolidated EBITA were up by 35% from DKK 122 million in Q1 2011 to DKK 165 million in Q1 2012 (excluding non-recurring costs in both quarters).

The ReSound Alera™ family, which is based on the unique use of the 2.4 GHz wireless technology, continued to demonstrate its strength in the marketplace. In combination with the recently upgraded product offering from GN Otometrics, this provided strong organic growth for GN ReSound of 6% in Q1 2012 – well above the general market growth. The Q1 2012 EBITA was DKK 92 million (excluding non-recurring SMART costs of DKK 15 million), up 19% from DKK 77 million in Q1 2011 (excluding a DKK 25 million duty/tax related provision).

At the AudiologyNOW! 2012 conference, GN ReSound announced the launch of the new product family ReSound Vea™ which is targeting the basic and budget segments in order to strengthen our competitive position in these segments.

GN ReSound's SMART program is progressing as planned and the targeted DKK 50 million EBITA improvement in 2012 and the DKK 190-240 million target for 2013 both compared to 2011 are confirmed.

GN Netcom delivered organic growth of 16% driven by solid growth rates in CC&O and outstanding growth rates in Mobile. The strong performance is primarily a result of continued growth in demand for Unified Communications (UC) headsets coupled with significant growth for Mobile in APAC and EMEA. In Q1 2012, GN Netcom's EBITA came in at DKK 86 million – a 54% improvement compared to Q1 2011, reflecting the attractive operational leverage of the business.

GN Store Nord confirms the guidance for the full year as announced in the Annual Report 2011. Please refer to the table below.

QUARTERLY HIGHLIGHTS

- GN's revenue was DKK 1,478 million compared to DKK 1,298 million in Q1 2011 corresponding to 14% overall growth and 9% organic growth. Compared to Q1 2011, acquired activities added close to 2% to revenue.
- Group EBITA was DKK 165 million (excluding non-recurring SMART costs of DKK 15 million), up 35% from DKK 122 million in Q1 2011 (excluding a DKK 25 million duty/tax related provision).
- GN ReSound revenue was DKK 914 million and organic growth was 6%. EBITA ended at DKK 92 million (excluding non-recurring SMART costs of DKK 15 million), up 19% from DKK 77 million in Q1 2011 (excluding a DKK 25 million duty/tax related provision).
- GN Netcom revenue was DKK 564 million reflecting organic growth of 16%, and EBITA ended at DKK 86 million, significantly up from DKK 56 million in the same period last year.
- GN ReSound's SMART program is progressing as planned and the target is confirmed - EBITA improvement of DKK 190-240 million in 2013 compared to 2011.
- Acknowledging the importance of the legal case against the German Federal Cartel Office, the District Court of Bonn has referred the case to the District Court of Cologne and the court's chamber for cartel law matters. The District Court of Bonn has furthermore qualified the case as a precedent.
- In early Q1 2012, GN received around DKK 3,060 million from TPSA in connection with the conclusion of the 10-year long dispute. Subsequently, GN initiated a DKK 1.3 billion share buyback program. During Q1, treasury shares amounting to DKK 513 million were acquired as part of this program.

GUIDANCE 2012 (based on current exchange rates including an average DKK/USD exchange rate of 5.50)

(DKK million)	Revenue	EBITA guidance *	Amortization, finance etc.
GN ReSound	3-5% organic growth	DKK 525-575 million	
GN Netcom	More than 9% organic growth	DKK 350-375 million	
Other		DKK (50)-(75) million	
GN Store Nord	**More than 5% organic growth**	DKK 800-900 million	**Around DKK (50) million**

*) Excluding non-recurring restructuring costs of up to DKK 200 million in GN ReSound

FINANCIAL OVERVIEW Q1 2012

	GN ReSound		GN Netcom		Consolidated total*	
(DKK million)	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Revenue	914	820	564	476	1,478	1,298
Organic growth	6%	9%	16%	5%	9%	7%
Gross margin	61.5%	60.2%	55.3%	58.4%	59.1%	59.6%
EBITA	77	52	86	56	150	97
EBITA margin	8.4%	6.3%	15.2%	11.8%	10.1%	7.5%
Free cash flow	(121)	(65)	92	45	2,961	(27)

*) "Other" is included in the total

GN RESOUND

In Q1 2012, GN ReSound continued to deliver solid revenue growth with organic growth reaching 6% despite a more challenging comparison base, well above market growth. Accordingly, GN ReSound again gained market share in Q1 2012. The revenue growth was primarily driven by the ReSound Alera™ family, which continued to expand its presence in the market place, as well as the upgraded and enhanced product offering from GN Otometrics. Revenue was DKK 914 million corresponding to revenue growth of 11% compared to Q1 2011, of which around 3 percentage points was acquisitive growth. Development in foreign exchange rates contributed approximately 2 percentage points to revenue growth primarily due to a stronger DKK/USD.

Geographically, the organic growth continued to be driven by North America, where GN ReSound was able to sustain growth both in the private market and within the Veterans Affairs. In Europe, the organic growth rate continued to improve. Germany and France, which have been the most challenging markets in recent years, both generated positive organic growth.

Hearing Instruments generated revenue of DKK 805 million with organic growth of 5%. GN Otometrics generated revenue of DKK 109 million reflecting strong organic growth of 14%.

In Q1 2012, profitability improved as planned relative to Q1 of last year. Excluding non-recurring costs, GN ReSound's EBITA improved from DKK 77 million in Q1 2011 to DKK 92 million in Q1 2012, equivalent to an increase of almost 20%.

GN ReSound's gross margin ended at 61.5%, equivalent to an increase of 1.3 percentage points relative to the same quarter of 2011 – partially driven by a reclassification of certain cost elements (ref. below). As communicated in the Annual Report 2011, the gross margin is impacted by elevated costs related to manufacturing costs and freight.

Like other hearing aid manufacturers, GN ReSound continues to experience pressure on ASPs reflecting aggressive and competitive pricing in tender markets as well as the continued consolidation among retailers. Despite this development, there was essentially no negative impact on GN ReSound's ASP compared to Q1 2011.

Excluding non-recurring costs, Q1 operating expenses amounted to DKK 472 million compared to DKK 417 million in the same quarter of 2011. The increase is mainly related to higher selling and distribution costs reflecting acquisitions, certain investments in growth, and a stronger DKK/USD. Additionally, following the new business model introduced or being introduced as part of the supply chain project and SMART, certain costs have been reclassified from production costs to selling and distribution costs.

Cash flow from operating and investing activities before financial items and tax were DKK (84) million against DKK (47) million in Q1 2011. Compared to Q1 2011, cash outflow from acquisitions, captive activities and tax was significantly higher in Q1 2012. Additionally, cash SMART restructuring costs amounted to DKK 11 million in Q1 2012.

Inventories were at DKK 448 million at the end of March 2012 corresponding to an increase of DKK 44 million compared to the level at the end of Q1 2011. Inventory levels have essentially been flat during the last three quarters but are expected to drop as the SMART program progresses.

The SMART program is progressing as planned. The targeted EBITA improvement of DKK 50 million in 2012 and DKK 190-240 million in 2013 compared to 2011 are confirmed. As previously communicated, most of the DKK 50 million targeted for 2012 is expected to materialize in the second half of the year. In Q1, non-recurring costs related to the SMART program amounted to DKK 15 million – consisting of DKK 13 million is in operating expenses and DKK 2 million in production costs.

At the AudiologyNOW! 2012 conference, GN ReSound announced new growth supporting products and reconfirmed the exciting product launches scheduled for the second half of 2012. Following the launch of ReSound Alera™ in the late summer of 2010, GN ReSound has been focused on the high-end price segments and has succeeded in gaining market share in these segments. Building on the ReSound Alera™ platform, GN ReSound has now also launched ReSound Vea™ in order to expand and strengthen the company's position in the basic and budget segments. ReSound Vea™ is based on excellent basic sound processing, notable simplicity, extended durability and not least great flexibility. The product family will fit perfectly as a basic and budget product without wireless capabilities in the GN ReSound product portfolio. ReSound Vea™ uses the same fitting software as ReSound Alera™. The fitting software thereby supports the entire product portfolio, making GN ReSound an increasingly attractive full solution provider of hearing aids.

In addition, at AudiologyNOW!, GN ReSound announced new ReSound Alera™ form factors that further enhances and refines the 2.4 GHz technology solution for use in small hearing aids. GN ReSound has now launched the full 2.4 GHz wireless capabilities in small ITE (in-the-ear) and ITC (in-the-canal) custom form factors. The accomplishment is testimony to the distinct R&D capabilities commanded by GN ReSound. The company continues the efforts to enhance the technology further.

GN NETCOM

In Q1 2012, GN Netcom continued to experience strong demand in CC&O for UC headsets. The Mobile business delivered outstanding results in especially the EMEA and APAC regions. The revenue growth was 18% of which organic growth was 16%. The development in foreign exchange rates contributed with the remaining 2 percentage points of the revenue growth primarily due to a stronger DKK/USD. Revenue ended at DKK 564 million, the highest revenue in a first quarter since 2008.

Revenue in CC&O amounted to DKK 377 million with organic growth of 8% driven by strong growth within UC headsets, which continues at very attractive double digit rates. The demand in the traditional Contact Center business in Q1 was softer than expected in Southern Europe.

Mobile took significant market share during the quarter and delivered organic growth of 36% (59% for the Jabra brand) leading to revenue of DKK 187 million. The organic growth occurred in all regions. In addition, we see clear evidence of a structural trend among retailers, shifting their headset offerings away from traditional handset brands towards independent headset brands such as Jabra.

In Q1 2012, GN Netcom's gross margin was 55.3% compared to 58.4% in Q1 2011. The decline is partly a result of the mix effect as Mobile comprises a larger share of the total revenue and partly a result of the expected moderate ASP decline in CC&O due to UC.

Despite of the decline in the gross margin, the EBITA margin increased with 3.4 percentage points in Q1 2012 compared to Q1 2011. The development displays the attractive operational leverage in both CC&O and Mobile, which also led to the positive result for Mobile in Q1. For GN Netcom overall EBITA improved by 54% to DKK 86 million compared to last year corresponding to an EBITA margin of 15.2% compared to 11.8% in Q1 2011.

Q1 operating expenses were DKK 226 million compared to DKK 222 million in Q1 2011.

Cash flow also improved significantly as the cash flow from operating and investing activities before financial items and tax increased more than 100% to DKK 90 million against DKK 44 million in Q1 2011. The net working capital decreased with DKK 24 million to DKK 73 million by the end of Q1 2012 compared to Q1 2011. As previously communicated, an increase in the net working capital is expected during 2012.

Since Q4 2011, Jabra has been launching the new Jabra SPORT, Jabra EASYGO and Jabra WAVE in all Apple retail stores across North America. At the same time the critically acclaimed Jabra FREEWAY was launched in Apple's online store.

In UC, we are pleased with the continued strong growth. During the first quarter, GN Netcom has signed several large UC agreements with companies such as Ericsson, Oracle and British Telecom, all of them deploying Jabra headsets in the thousands, indicating stronger global UC momentum. It was the appeal of flexibility in various work situations such as in the office, on the road or in the airport without having to compromise on the quality of the sound, that made British Telecom choose the Jabra solution. The Jabra solution provided for British Telecom's North American employees is different for each user, depending on their needs, with main products ordered being Jabra SUPREME UC for the mobile worker, Jabra SPEAK™ 410 for conference calls, Jabra FREEWAY for calls in the car and finally, Jabra PRO™ 9465 for office-based workers.

In the beginning of Q2, GN Netcom will launch the Jabra SUPREME UC. The high end Bluetooth® solution will strengthen GN Netcom's competitive position in the fast growing mobile workers segment of UC. The Jabra SUPREME is utilizing the UC MultiUse™ concept enabling seamless switching between hands-free UC and mobile calls. The Jabra SUPREME UC supports all communication needs, whether it being professional UC (such as Microsoft Lync) from the laptop, private internet calls (such as Skype or Facetime) via a tablet, or regular mobile phone calls. As professional UC spreads to smartphones and tablets, the superior sound experience and UC optimization of the Jabra SUPREME positions Jabra well in the growing mobile worker segment.

GN Netcom is the market leader in the car speakerphone category. The sale of speakerphones in the quarter was the best ever - with very attractive margins on all products. Jabra CRUISER2 is the best-selling product in the North American market with Jabra FREEWAY and Jabra DRIVE among the top 5 selling products. The North American region remains the biggest market for speakerphones. Sales in Europe have experienced significant progress on the back of the latest Jabra speakerphone product introductions.

In 2010, GN Netcom launched its first personal desktop speakerphone, the Jabra SPEAK™ 410, in order to compete in this important segment with attractive margins. Since then, Jabra SPEAK™ 410 has taken a leading position in the segment. In Q1 2012, the innovative design and functionality of Jabra SPEAK™ 410 was recognized in the UC category at CeBIT, the world's largest trade fair for digital IT and telecommunications solutions.

OTHER ACTIVITIES & OTHER ISSUES

Claim against the German Federal Cartel Office concerning prohibition of the sale of GN ReSound to Sonova

On April 20, 2010, GN received 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 and its shareholders in connection with the unlawful prohibition, 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.

On April 2, 2012, GN was notified that the District Court of Bonn had referred the case to the District Court of Cologne and the Cologne court's special chamber for cartel law matters. This development accentuates the importance of the case. The rationale for the change is the special chamber's competences within cartel law matters and a need to ensure a consistent and correct case processing. The District Court of Bonn has in addition qualified the case as a precedent. GN expects to receive further news from the District Court of Cologne, including the expected timing, in the near future.

Capital structure

Acting under its share buyback authorization, the GN Store Nord Board of Directors initiated a share buyback program of DKK 1.3 billion on January 13, 2012. The share buyback program has been initiated in order to reduce the company's share capital. Shares for an amount of DKK 513 million were repurchased in Q1 2012 as part of the program. Additional shares amounting to DKK 61 million were acquired as part of the exercise of options forming part of long-term incentive programs in Q1 2012.

At the Annual General Meeting held on March 22, 2012, the shareholders voted to reduce the company's share capital from DKK 833,441,052 to DKK 774,788,232 by cancelling shares with a nominal value of DKK 58,652,820 (14,663,205 treasury shares of DKK 4 each). The cancellation of the shares, which corresponded to 7% of the share capital, took place on April 23, 2012.

Guidance for 2012

The guidance for 2012 is based on the currently prevailing exchange rates including a DKK/USD of around 5.50. Additionally, the guidance is based on the assumption that developments in the macroeconomic environment will not have material negative impact on GN's markets.

Financial Calendar for 2012

Q1/2012:	May 3, 2012
Q2/2012:	August 9, 2012
Q3/2012:	November 15, 2012

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, 2012 and for the period January 1 – March 31, 2012.

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, 2012 and of the results of the Group's operations and cash flows for the period January 1 – March 31, 2012.

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 3, 2012

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	Morten Andersen

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 2012 (unaud.)	Q1 2011 (unaud.)	Total 2011 (aud.)
Income statement			
Revenue	1,478	1,298	5,564
Organic growth	9 %	7 %	9 %
Operating profit (loss)	144	92	1,256
Financial items, net	(9)	(16)	(28)
Profit (loss) for the period	98	54	865
Development costs incurred	(128)	(123)	(501)
EBITDA	179	131	1,475
EBITA	150	97	1,284
Balance sheet			
Share capital	833	833	833
Equity	6,264	6,182	6,878
Total assets	8,880	9,574	11,181
Net working capital	1,237	3,241	4,120
Net interest-bearing debt	(1,081)	1,127	1,269
Cash flow			
Cash flow from operating activities	3,097	58	702
Cash flow from investing activities	(136)	(85)	(486)
Hereof:			
Development projects	(67)	(60)	(265)
Investments in property, plant and equipment	(22)	(13)	(82)
Total cash flow from operating and investing activities (free cash flow)	2,961	(27)	216
Restructuring/non-recurring costs			
Restructuring/non-recurring costs recognized in income statement	15	-	-
Restructuring/non-recurring costs, paid	11	-	2
Key ratios			
Gross profit margin	59.1 %	59.6 %	59.2 %
EBITA margin	10.1 %	7.5 %	23.1 %
Return on invested capital including goodwill (ROIC including goodwill)**	21.1 %	42.9 %	16.5 %
Return on equity**	14.6 %	34.1 %	12.9 %
Equity ratio	70.5 %	64.6 %	61.5 %
Net interest-bearing debt/EBITDA**	0	0.4	0.8
Key ratios per share			
Earnings per share, basic (EPS)	0.52	0.27	4.31
Earnings per share, fully diluted (EPS diluted)	0.51	0.26	4.27
Cash flow from operating activities per share	16.20	0.28	3.46
Cash flow from operating and investing activities per share	15.49	(0.13)	1.07
Share price at the end of the period	60	49	48
Other			
Number of employees, end of period	~4.725	~4.500	~4.675
Outstanding shares, end of period	184,852	202,707	192,975
Average number of outstanding shares, fully diluted	191,211	205,121	202,604
Market capitalization	11,091	9,933	9,263

*Based on key ratio definitions from the annual report 2011 except for market capitalization which is calculated using outstanding shares and share price at the end of the period instead of using an average for the period.
**ROIC, ROE and NIBD/EBITDA are calculated based on EBITA, net profit and EBITDA, respectively for the latest four quarters.

Quarterly reporting by segment

(DKK million)	Q1 2011 (unaud.)	Q2 2011 (unaud.)	Q3 2011 (unaud.)	Q4 2011 (unaud.)	Q1 2012 (unaud.)	2011 Total (aud.)
Income statement						
Revenue						
GN Netcom	476	503	516	611	564	2,106
GN ReSound	820	827	841	962	914	3,450
Other *	2	4	2	-	-	8
Total	**1,298**	**1,334**	**1,359**	**1,573**	**1,478**	**5,564**
Organic growth						
GN Netcom	5 %	8 %	19 %	5 %	16 %	9 %
GN ReSound	9 %	9 %	9 %	8 %	6 %	9 %
Total	**7 %**	**9 %**	**12 %**	**7 %**	**9 %**	**9 %**
Gross profit margin						
GN Netcom	58.4%	56.7%	55.2%	55.6%	55.3%	56.4%
GN ReSound	60.2%	59.4%	61.3%	62.3%	61.5%	60.8%
Total	**59.6%**	**58.5%**	**59.0%**	**59.7%**	**59.1%**	**59.2%**
Expensed development costs**						
GN Netcom	(40)	(46)	(46)	(60)	(46)	(192)
GN ReSound	(85)	(81)	(74)	(78)	(89)	(318)
Total	**(125)**	**(127)**	**(120)**	**(138)**	**(135)**	**(510)**
Selling and distribution costs and administrative expenses etc.**						
GN Netcom	(182)	(169)	(165)	(170)	(180)	(686)
GN ReSound	(357)	(336)	(334)	(328)	(396)	(1,355)
Other *	(13)	(12)	(10)	575	(13)	540
Total	**(552)**	**(517)**	**(509)**	**77**	**(589)**	**(1,501)**
EBITA						
GN Netcom	56	70	74	110	86	310
GN ReSound	52	74	107	193	77	426
Other *	(11)	(8)	(8)	575	(13)	548
Total	**97**	**136**	**173**	**878**	**150**	**1,284**
EBITA margin						
GN Netcom	11.8 %	14.0 %	14.3 %	18.0 %	15.2 %	14.7 %
GN ReSound	6.3 %	8.9 %	12.7 %	20.1 %	8.4 %	12.3 %
Total	**7.5 %**	**10.2 %**	**12.7 %**	**55.8 %**	**10.1 %**	**23.1 %**
Depreciation						
GN Netcom	(5)	(5)	(5)	(5)	(4)	(20)
GN ReSound	(21)	(20)	(20)	(20)	(22)	(81)
Other *	(8)	(8)	(5)	(69)	(3)	(90)
Total	**(34)**	**(33)**	**(30)**	**(94)**	**(29)**	**(191)**
EBITDA						
GN Netcom	61	75	79	115	90	330
GN ReSound	73	94	127	213	99	507
Other *	(3)	-	(3)	644	(10)	638
Total	**131**	**169**	**203**	**972**	**179**	**1,475**
EBITA	**97**	**136**	**173**	**878**	**150**	**1,284**
Amortization of other intangible assets acquired in business combinations	(5)	(11)	(6)	(6)	(6)	(28)
Operating profit (loss)	**92**	**125**	**167**	**872**	**144**	**1,256**
Gains (losses) on disposal of operations	-	2	(15)	4	-	(9)
Share of profit (loss) in associates	-	-	4	2	-	6
Financial items, net	(16)	48	6	(66)	(9)	(28)
Profit (loss) before tax	**76**	**175**	**162**	**812**	**135**	**1,225**
Tax on profit (loss)	(22)	(48)	(44)	(246)	(37)	(360)
Profit (loss)	**54**	**127**	**118**	**566**	**98**	**865**
Balance sheet						
Development projects						
GN Netcom	110	105	99	87	79	87
GN ReSound	755	754	765	777	780	777
Total	**865**	**859**	**864**	**864**	**859**	**864**
Inventories						
GN Netcom	105	90	79	95	87	95
GN ReSound	404	399	451	454	448	454
Total	**509**	**489**	**530**	**549**	**535**	**549**
Trade receivables						
GN Netcom	263	285	321	351	339	351
GN ReSound	788	781	807	904	857	904
Other *	7	7	6	14	10	14
Total	**1,058**	**1,073**	**1,134**	**1,269**	**1,206**	**1,269**
Net working capital						
GN Netcom	97	84	67	77	73	77
GN ReSound	950	959	1,013	1,067	1,213	1,067
Other *	2,194	2,274	2,270	2,976	(49)	2,976
Total	**3,241**	**3,317**	**3,350**	**4,120**	**1,237**	**4,120**
Cash flow						
Cash flow from operating and investing activities before financial items and tax						
GN Netcom	44	86	98	115	90	343
GN ReSound	(47)	30	13	88	(84)	84
Other *	(11)	(35)	1	(71)	3,020	(116)
Total	**(14)**	**81**	**112**	**132**	**3,026**	**311**
Total tax and financial items	**(13)**	**(20)**	**(36)**	**(26)**	**(65)**	**(95)**
Total cash flow from operating and investing activities (free cash flow)	**(27)**	**61**	**76**	**106**	**2,961**	**216**

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

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

Income statement — Consolidated

(DKK million)	Q1 2012 (unaud.)	Q1 2011 (unaud.)	Full year 2011 (aud.)
Revenue	1,478	1,298	5,564
Production costs	(604)	(524)	(2,269)
Gross profit	**874**	**774**	**3,295**
Development costs	(136)	(127)	(517)
Selling and distribution costs	(467)	(416)	(1,657)
Management and administrative expenses	(127)	(143)	(608)
Other operating income	-	4	12
Award from the arbitration case against TPSA	-	-	731
Operating profit (loss)	**144**	**92**	**1,256**
Gains (losses) on disposal of operations	-	-	(9)
Share of profit (loss) in associates	-	-	6
Financial income	16	14	178
Financial expenses	(25)	(30)	(206)
Profit (loss) before tax	**135**	**76**	**1,225**
Tax on profit (loss)	(37)	(22)	(360)
Profit (loss) for the period	**98**	**54**	**865**
Earnings per share (EPS)			
Earnings per share (EPS)	0.52	0.27	4.31
Earnings per share, fully diluted (EPS diluted)	0.51	0.26	4.27
EBITA	**150**	**97**	**1,284**
Amortization of other intangible assets acquired in company acquisitions	(6)	(5)	(28)
Operating profit (loss)	**144**	**92**	**1,256**

Statement of comprehensive income — Consolidated

(DKK million)	Q1 2012 (unaud.)	Q1 2011 (unaud.)	Full year 2011 (aud.)
Profit (loss) for the period	**98**	**54**	**865**
Other comprehensive income			
Actuarial gains (losses)	-	-	(44)
Adjustment of cash flow hedges	11	5	(16)
Foreign exchange adjustments, etc.	(120)	(246)	90
Tax relating to other comprehensive income	(3)	-	7
Other comprehensive income for the period, net of tax	**(112)**	**(241)**	**37**
Total comprehensive income for the period	**(14)**	**(187)**	**902**

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Balance sheet

Consolidated

(DKK million)	March 31 2012 (unaud.)	March 31 2011 (unaud.)	Dec. 31 2011 (aud.)
Assets			
Intangible assets	4,164	3,857	4,248
Property, plant and equipment	258	463	262
Deferred tax assets	568	571	569
Other non-current assets	176	184	193
Total non-current assets	**5,166**	**5,075**	**5,272**
Inventories	535	509	549
Trade receivables	1,206	1,058	1,269
Tax receivable	44	39	13
Other receivables	603	2,727	3,695
Cash and cash equivalents	1,172	166	229
Total current assets	**3,560**	**4,499**	**5,755**
Assets classified as held for sale	**154**	**-**	**154**
Total assets	**8,880**	**9,574**	**11,181**
Equity and liabilities			
Equity	**6,264**	**6,182**	**6,878**
Bank loans	-	1,161	1,374
Pension obligations	105	68	110
Provisions	112	101	130
Deferred tax liabilities	695	587	825
Other non-current liabilities	59	49	59
Total non-current liabilities	**971**	**1,966**	**2,498**
Bank loans	91	132	124
Trade payables	380	333	486
Tax payable	208	25	36
Provisions	245	214	260
Other payables	721	722	899
Total current liabilities	**1,645**	**1,426**	**1,805**
Total equity and liabilities	**8,880**	**9,574**	**11,181**

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, 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**
Profit (loss) for the period	-	-	-	-	-	-	811	811
Actuarial gains (losses)	-	-	-	-	-	-	(44)	(44)
Adjustment of cash flow hedges	-	-	-	(21)	-	-	-	(21)
Foreign exchange adjustments, etc.	-	-	336	-	-	-	-	336
Tax relating to other comprehensive income	-	-	(11)	6	-	-	12	7
Total comprehensive income for the period	-	-	325	(15)	-	-	779	1.089
Proposed dividends for the year	-	-	-	-	-	57	(57)	-
Share-based payment (granted)	-	-	-	-	-	-	9	9
Share based payment (exercised)	-	(13)	-	-	19	-	-	6
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(408)	-	-	(408)
Balance at December 31, 2011	**833**	**3.054**	**(1.486)**	**(8)**	**(654)**	**57**	**5.082**	**6.878**
Profit (loss) for the period	-	-	-	-	-	-	98	98
Adjustment of cash flow hedges	-	-	-	11	-	-	-	11
Foreign exchange adjustments, etc.	-	-	(120)	-	-	-	-	(120)
Tax relating to other comprehensive income	-	-	(3)	-	-	-	-	(3)
Total comprehensive income for the period	-	-	(123)	11	-	-	98	(14)
Share-based payment (granted)	-	-	-	-	-	-	2	2
Share-based payment (exercised)	-	(2)	-	-	24	-	-	22
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(574)	-	-	(574)
Paid dividends	-	-	-	-	-	(50)	-	(50)
Dividends, treasury shares	-	-	-	-	-	(7)	7	-
Balance at March 31, 2012	**833**	**3.052**	**(1.609)**	**3**	**(1.204)**	**-**	**5.189**	**6.264**

Cash flow statement	Consolidated		
(DKK million)	Q1 2012 (unaud.)	Q1 2011 (unaud.)	Full year 2011 (aud.)
Operating activities			
Operating profit (loss)	144	92	1,256
Depreciation, amortization and impairment	108	99	484
Other adjustments	(22)	(17)	(735)
Cash flow from operating activities before changes in working capital	**230**	**174**	**1,005**
Changes in working capital and restructuring/non-recurring costs, paid	2,932	(103)	(208)
Cash flow from operating activities before financial items and tax	**3,162**	**71**	**797**
Financial items, net	(36)	(11)	(72)
Tax paid, net	(29)	(2)	(23)
Cash flow from operating activities	**3,097**	**58**	**702**
Investing activities			
Investments in intangible assets, net	(85)	(71)	(318)
Investments in property, plant and equipment, net	(22)	(13)	(68)
Investments in other non-current assets, net	(2)	(1)	(19)
Company acquisitions	(27)	-	(82)
Company disposals	-	-	1
Cash flow from investing activities	**(136)**	**(85)**	**(486)**
Cash flow from operating and investing activities (free cash flow)	**2,961**	**(27)**	**216**
Financing activities			
Paid dividends	(50)	(39)	(39)
Share-based payment (exercised)	22	131	137
Purchase/sale of treasury shares and other equity instruments	(574)	(233)	(641)
Increase/decrease in bank loans and other adjustments	(1,413)	181	396
Cash flow from financing activities	**(2,015)**	**40**	**(147)**
Net cash flow	**946**	**13**	**69**
Cash and cash equivalents beginning of period	229	157	157
Adjustment foreign currency, cash and cash equivalents	(3)	(4)	3
Cash and cash equivalents, end of period	1,172	166	229

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, 2012, 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 2011. The new or revised Standards and Interpretations did not affect recognition and measurement materially or result in any material changes to disclosures in the notes.

Apart from the minor changes, as described in note 34 in the Annual Report 2011, the accounting policies applied are unchanged from those applied in the Annual Report 2011.

Note 2 - Segment disclosures

Income statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue	**564**	**476**	**914**	**820**	**-**	**2**	**1,478**	**1,298**
Production costs	(252)	(198)	(352)	(326)	-	-	(604)	(524)
Gross profit	**312**	**278**	**562**	**494**	**-**	**2**	**874**	**774**
Expensed development costs**	(46)	(40)	(89)	(85)	-	-	(135)	(125)
Selling and distribution costs**	(155)	(148)	(307)	(265)	-	-	(462)	(413)
Management and administrative expenses	(25)	(34)	(89)	(96)	(13)	(13)	(127)	(143)
Other operating income	-	-	-	4	-	-	-	4
EBITA	**86**	**56**	**77**	**52**	**(13)**	**(11)**	**150**	**97**
Amortization of other intangible assets acquired in business combinations	(1)	(1)	(5)	(4)	-	-	(6)	(5)
Operating profit (loss)	**85**	**55**	**72**	**48**	**(13)**	**(11)**	**144**	**92**
Financial items	7	3	(15)	(18)	(1)	(1)	(9)	(16)
Profit (loss) before tax	**92**	**58**	**57**	**30**	**(14)**	**(12)**	**135**	**76**
Tax on profit (loss)	(24)	(16)	(15)	(9)	2	3	(37)	(22)
Profit (loss)	**68**	**42**	**42**	**21**	**(12)**	**(9)**	**98**	**54**

Cash flow statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Operating activities before changes in working capital	111	73	142	113	(23)	(12)	230	174
Cash flow from changes in working capital and restructuring/non-recurring costs paid	(1)	(14)	(121)	(92)	3,054	3	2,932	(103)
Cash flow from operating activities before financial items and tax	**110**	**59**	**21**	**21**	**3,031**	**(9)**	**3,162**	**71**
Cash flow from investing activities	(20)	(15)	(105)	(68)	(11)	(2)	(136)	(85)
Cash flow from operating and investing activities before financial items and tax	**90**	**44**	**(84)**	**(47)**	**3,020**	**(11)**	**3,026**	**(14)**
Tax and financial items	2	1	(37)	(18)	(30)	4	(65)	(13)
Cash flow from operating and investing activities (free cash flow)	**92**	**45**	**(121)**	**(65)**	**2,990**	**(7)**	**2,961**	**(27)**

Balance sheet	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
ASSETS								
Goodwill	453	429	2,517	2,268	-	-	2,970	2,697
Development projects	79	110	780	755	-	-	859	865
Other intangible assets	55	51	233	213	47	31	335	295
Property, plant and equipment	23	23	230	229	5	211	258	463
Other non-current assets	124	164	629	608	(9)	(17)	744	755
Total non-current assets	**734**	**777**	**4,389**	**4,073**	**43**	**225**	**5,166**	**5,075**
Inventories	87	105	448	404	-	-	535	509
Trade receivables	339	263	857	788	10	7	1,206	1,058
Receivables from subsidiaries***	1,031	654	-	-	(1,031)	(654)	-	-
Other receivables	27	46	598	492	22	2,228	647	2,766
Cash and cash equivalents	28	46	74	120	1,070	-	1,172	166
Total current assets	**1,512**	**1,114**	**1,977**	**1,804**	**71**	**1,581**	**3,560**	**4,499**
Assets classified as held for sale	**-**	**-**	**-**	**-**	**154**	**-**	**154**	**-**
Total assets	**2,246**	**1,891**	**6,366**	**5,877**	**268**	**1,806**	**8,880**	**9,574**
EQUITY AND LIABILITIES								
Equity	**1,676**	**1,422**	**3,614**	**3,227**	**974**	**1,533**	**6,264**	**6,182**
Bank loans	-	-	-	-	-	1,161	-	1,161
Other non-current liabilities	21	37	399	292	551	476	971	805
Total non-current liabilities	**21**	**37**	**399**	**292**	**551**	**1,637**	**971**	**1,966**
Bank loans	32	65	59	22	-	45	91	132
Trade payables	171	128	197	197	12	8	380	333
Amounts owed to subsidiaries***	-	-	1,438	1,494	(1,438)	(1,494)	-	-
Other current liabilities	346	239	659	645	169	77	1,174	961
Total current liabilities	**549**	**432**	**2,353**	**2,358**	**(1,257)**	**(1,364)**	**1,645**	**1,426**
Total equity and liabilities	**2,246**	**1,891**	**6,366**	**5,877**	**268**	**1,806**	**8,880**	**9,574**

Note 2 – Segment disclosures (continued)

Additional information	GN Netcom		GN ReSound		Other*		Consolidated total	
(DKK million)	Q1 2012 (unaud.)	Q1 2011 (unaud.)	Q1 2012 (unaud.)	Q1 2011 (unaud.)	Q1 2012 (unaud.)	Q1 2011 (unaud.)	Q1 2012 (unaud.)	Q1 2011 (unaud.)
Revenue Distributed Geographically								
Europe	53%	57%	32%	33%	0%	100%	40%	42%
North America	33%	31%	45%	43%	0%	0%	40%	38%
Rest of world	14%	12%	23%	24%	0%	0%	20%	20%
Incurred development costs	(38)	(36)	(90)	(87)	-	-	(128)	(123)
Capitalized development costs	12	12	55	48	-	-	67	60
Amortization and depreciation of development costs**	(20)	(16)	(54)	(46)	-	-	(74)	(62)
Expensed development costs	**(46)**	**(40)**	**(89)**	**(85)**	**-**	**-**	**(135)**	**(125)**
EBITDA	90	61	99	73	(10)	(3)	179	131
Depreciation	(4)	(5)	(22)	(21)	(3)	(8)	(29)	(34)
EBITA	**86**	**56**	**77**	**52**	**(13)**	**(11)**	**150**	**97**
EBITA margin	15.2 %	11.8 %	8.4 %	6.3 %	NA	NA	10.1 %	7.5 %
Number of employees, end of period	~875	~850	~3.825	~3.625	~25	~25	~4.725	~4.500

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

Note 3 - Incentive plans

There were a total of 125,273 outstanding share options (average strike price 17) at March 31, 2012, corresponding to 0.1% of the shares issued.

The total number of outstanding warrants in GN Netcom was 7,942 (2.4% of the number of shares). The total number of outstanding warrants in GN ReSound was 18,340 (3.0% of the number of shares).

Note 4 - Shareholdings

At May 3, 2012, members of the Board of Directors and the Executive Management, respectively, held 489,471 and 37,000 shares in GN.

At May 3, 2012, GN held 11,809,609 treasury shares, equivalent to 6.1% of the 193,697,058 shares issued. At the Annual General Meeting on March 22, 2012, it was decided to reduce the company's nominal share capital from DKK 833,441,052 to nominally DKK 774,788,232 by cancelling part of the company's treasury shares at a nominal value of DKK 58,652,820 divided into 14,663,205 shares of DKK 4 each. The implementation of the reduction was conducted on April 23, 2012.

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