

To the Copenhagen Stock Exchange

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INTERIM REPORT 1999

At a meeting today, the Board of Directors of William Demant Holding A/S reviewed and adopted the interim statement for the period 1 January through 30 June 1999.

Earnings per share for the first half-year amount to DKK 7.5 compared with DKK 5.8 in the first half of 1998, or an increase of 29% (23% in the first half of 1998).

The consolidated financial statements show a profit on primary operations of DKK 145 million against DKK 119 million in 1998, or a 21% increase. Consolidated profits after tax and minority interests amount to DKK 111 million against DKK 90 million in 1998, or an increase of 23%.

As previously reported the Board of Directors expects an increase in earnings per share for all 1999 of at least 20%, or in the range of DKK 16 per share.

The interim report includes the full Profit and Loss Account and the Balance Sheet. The consolidated financial statements have not been audited. The accounting policies for the first half of 1999 are the same as in 1998.

The Company Management may be reached by phone on +45 3917 7155, or alternatively on cellular phone on +45 2098 8900 from 4.30 p.m. today.

20 August 1999

Niels Boserup
Chairman

Niels Jacobsen
President

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KEY FIGURES AND RATIOS GROUP

Profit and loss account, DKK million	1 January - 30 June 1999 (6 months)	1 January - 30 June 1998 (6 months)	% change	1 January – 31 December 1998 (12 months)
Net revenue	867.6	793.7	9%	1,613.1
Gross profit	485.0	432.4		892.9
Profit on primary operations	144.6	119.2	21%	248.3
Financial items, net	3.3	2.5		8.5
Ordinary profit before tax	147.9	121.6	22%	259.3
Ordinary profit after tax	111.1	90.0		199.8
Extraordinary items, net	-	-		-
Net profit for the period	111.2	90.4	23%	200.8

Balance sheet, DKK million

Interest bearing net debt	- 98.9	89.6		33.4
Total assets end of period	993.0	1,080.8		1,019.5
Shareholders' Equity end of period	486.0	591.9		504.1

Other key figures, DKK million

Research and development costs	79.3	67.1	18%	146.4
Write-offs and depreciation	26.6	25.5		53.7
Investment in tangible fixed assets	41.7	35.5		71.3
Cash Flow From Operations (CFFO)	73.5	46.8	57%	198.7
Cash Earnings (CE)	137.8	115.9	19%	253.5
Number of employees (average)	2,038	1,852	10%	1,925

Ratios

Gross profit margin	55.9%	54.5%		55.4%
Profit margin	16.7%	15.0%		15.4%
Return on equity	22.2%	15.9%		35.7%
Equity ratio	48.9%	54.8%		49.4%
Earnings Per Share (EPS), DKK *	7.5	5.8	29%	13.0
Cash Flow Per Share (CFPS), DKK *	4.9	3.0	63%	12.9
Cash Earnings Per Share (CEPS), DKK *	9.2	7.5	23%	16.4
Dividend Per Share, DKK *	-	-		2.35
Book value Per Share, DKK *	33	38		34
Price earnings (P/E)	38	31		30
Quoted price Per Share, DKK *	568	359	58%	394
Market Capitalisation, DKK million	8,410	5,563	51%	5,931
Fully diluted No. of shares, millions	14.93	15.50	-4%	15.42

* Per share of DKK 5.

The key figures are calculated according to "Anbefalinger & Nøgletal 1997" (Guidelines & Key Figures, 1997) from the Danish Society of Financial Analysts. Cash Earnings is calculated as ordinary profit after tax with the addition of write-downs and depreciation for the year. Accounting policies have not been changed compared to last year.

**WILLIAM DEMANT HOLDING GROUP –
FIRST HALF-YEAR 1999**

Profits for the first half of 1999 are satisfactory and match the expectations of substantial growth in earnings as previously reported, most recently in connection with the annual general meeting in May.

Key figures and ratios for the first half-year:

- Net revenue rose by DKK 74 million to DKK 868 million. Organic growth amounted to 9%.
- The profit margin rose to 16.7% (15.0% and 15.8% in the first and second half-years of 1998, respectively).
- The net profit for the period of DKK 111 million generated a return on equity of 44.4% p.a. against 31.8% in 1998.
- Earnings per share amounted to DKK 7.5 – up from DKK 5.8 in 1998 – matching a growth rate of 29% (23% in 1998).
- The Company continued its share buyback programme and in the first half of 1999 bought back own shares worth DKK 123 million. The shares have been written down direct via shareholders' equity.
- Cash flow from primary operating activities rose from DKK 47 million in the first half of 1998 to DKK 74 million in 1999 (from DKK 3.0 per share to DKK 4.9).
- At 30 June 1999 the Group's interest bearing net debt amounted to DKK 99 million against a net asset of DKK 33 million at 31 December 1998.
- In the first half-year the consolidated balance sheet was reduced by DKK 74 million to a total of DKK 993 million.
- At 30 June 1999 after write-down of own shares and addition of net profits for the period, shareholders' equity totalled DKK 486 million, or a book value per share of DKK 33 and an equity ratio of 49% of total group assets.

In connection with the preparation of the 1998 financial statements and the assessment of the

situation for 1999, the Company thought the first-half of 1999 would develop at a slightly stagnating rate of earnings growth compared with the previous half-years. However, the first few months of 1999 proved us wrong and at the general meeting in May we upgraded our earnings forecast. Profits in the first half-year did indeed confirm this trend with an increase in earnings per share of almost 30%.

SPLIT OF REVENUE

DKK m	1st half 1999	1st half 1998	Total 1998
Hearing instruments	727	672	1,354
Diagnostics	30	23	52
Personal communication	111	99	207
Group Revenue	868	794	1,613

Organic growth was 9%, and the overall rate of growth for 1999 is expected to be around 10%.

Compared with the first half of 1998 the gross profit ratio rose by 1.4 percentage point to just under 56% - all in all in line with plans. With the new product introductions in the second half-year we expect to maintain the favourable development.

The total reduction of fixed costs was 0.3 percentage point compared with 1998, which together with an improved gross profit ratio increased the profit margin to 16.7%. The profit on primary operations was DKK 145 million, or increases of 21% and 12%, respectively, compared with the first and second half-years of 1998.

Net financial items constituted an income of DKK 3 million, because the Group had a positive interest margin on its financial items, and the liquid funds were a net asset almost throughout the period.

The tax rate estimated for the first half of 1999 is just under 25%, which is the expected level for all 1999.

The net profit for the first half of 1999 was DKK 111 million and the return on equity 44% p.a.

For the first half of 1999 the cash flow from operating activities (CFFO) amounted to DKK 74 million, or a rise of 57% on the same period last year.

DEVELOPMENT IN GROUP EQUITY

DKK m	1st half 1999	1st half 1998
Shareholders' equity 1 Jan.	504.1	524.3
Exchange rate adjustments	-3.2	-4.6
Write-down of goodwill	-3.0	-18.2
Write-down of own shares	-123.1	-
Retained earnings	111.2	90.4
Shareholders' equity 30 Jun.	486.0	591.9

In the first half of 1999 the Company bought back 260,831 shares at an average price of DKK 472 per share. In compliance with our accounting policies the total cost hereof was written off direct via shareholders' equity by an amount of DKK 123 million.

At the annual general meeting in May it was decided to cancel the entire portfolio of the Company's own shares, i.e. the share capital was written down by DKK 3.1 million to DKK 74.4 million.

At 30 June 1999 we held 81.983 of our own shares, or 0.6% of the share capital.

BUSINESS AREAS

Hearing instruments

The sale of hearing aids continued the positive trends in the first half of 1999.

In connection with the US audiology conference in April, Oticon introduced its new product series – DigiFocus II. This series includes Oticon's first fully digital CIC instrument. The commercial sale began in July, consequently any profits from this sale are not included in the profit for the first half of 1999.

Sales of DigiFocus II in July and August were off

to a good start and will contribute to growth in both net revenue and profits in the second half-year.

Bernafoon continued the favourable trends in profits and contributed satisfactorily to interim profits. At the end of 1999 Bernafoon will introduce a new generation of digital aids.

Diagnostic instruments

Diagnostic instruments developed satisfactorily in the first half of 1999. The improvement in sales resulted in a matching increase in profits from primary operations.

In April Maico acquired a minor audiometer activity from American Electromedics. The implementation of these new products by Maico will have a positive impact on the result for the second half of 1999. In connection with the acquisition, a goodwill amount of DKK 3 million was written off via shareholders' equity.

Personal communication

Phonic Ear, which is the largest business in this area, continued its progress in the first half-year although its new products will not be launched until the second half-year.

Expectations for 1999

We expect continued growth in revenue, profits and earnings per share.

The growth in revenue in the second half of 1999 will originate from the introduction of many new products - particularly in Oticon. Organic growth for the Group as a whole is estimated to be around 10% for all 1999.

Compared with 1998, the profit margin for 1999 is expected to increase, partly as a result of an expected rise in the gross profit ratio and partly because the percentage of fixed costs of total net revenues is expected to fall.

For the full year earnings per share (EPS) is expected to go up by minimum 20%.

**PROFIT AND LOSS ACCOUNT, FIRST HALF-YEAR 1999
GROUP**

	(Amounts in DKK '000)	1999	1998
Net revenue		867,628	793,664
Production costs		-382,677	-361,290
Gross profit		484,951	432,374
Research and development costs		-79,302	-67,069
Distribution costs		-192,043	-178,702
Administrative expenses		-68,981	-67,441
Profit on primary operations		144,625	119,162
Financial items, net		3,278	2,464
Ordinary profit before tax and minority interests		147,903	121,626
Corporate tax on ordinary profit		-36,786	-31,628
Ordinary profit after tax		111,117	89,998
Minority interests		108	359
Net profit for the period		111,225	90,357

BALANCE SHEET AT 30 JUNE 1999
GROUP

Assets	(Amounts in DKK '000)	June 30 1999	June 30 1998
Leasehold improvements		20,895	14,053
Intangible fixed assets		20,895	14,053
Land and buildings		75,341	61,830
Technical plant and machinery		47,045	45,251
Fixtures, tools and equipment		50,694	44,488
Tangible fixed assets		173,080	151,569
Shares in associated companies		243	2,064
Securities and participating interest		6,349	32,210
Deposits and loans		6,863	7,591
Financial fixed assets		13,455	41,865
Total fixed assets		207,430	207,487
Inventory		350,366	301,782
Trade debtors		308,653	280,383
Corporate tax		4,826	13,358
Other debtors		9,445	18,915
Prepayments and accrued expenses		19,797	26,926
Debtors		342,721	339,582
Securities and participating interest		0	143,584
Liquid funds		92,438	88,335
Total current assets		785,525	873,283
Total assets		992,955	1,080,770

BALANCE SHEET AT 30 JUNE 1999**GROUP**

Liabilities	(Amounts in DKK '000)	June 30 1999	June 30 1998
Share capital		74,377	77,476
Share premium		411,583	514,411
Shareholders' equity		485,960	591,887
Minority interests		576	574
Provisions for deferred taxes		0	13,445
Other provisions		48,546	44,917
Provisions		48,546	58,362
Mortgage		4,866	0
Other long-term creditors		135,511	23,500
Long-term creditors		140,377	23,500
Short-term part of long-term creditors		10,259	6,250
Current bank accounts		47,059	144,804
Trade creditors		85,287	66,031
Corporate tax		7,397	9,354
Other creditors		139,308	154,208
Prepayments and accrued income		28,186	25,800
Short-term creditors		317,496	406,447
Total creditors		457,873	429,947
Total liabilities		992,955	1,080,770