INTERIM REPORT
1 JANUARY – 30 JUNE

'13

William Demant

KEY FIGURES AND FINANCIAL RATIOS

	1st half 2013	2nd half 2012	1st half 2012	Change H1/H1	Full year 2012
INCOME STATEMENT, DKK MILLION					
Revenue	4,541	4,297	4,258	7%	8,555
Gross profit	3,292	3,072	3,055	8%	6,127
Research and development costs	331	337	315	5%	652
EBITDA	1,022	929	991	3%	1,920
Depreciation etc.	142	140	127	12%	267
Operating profit (EBIT)	880	789	864	2%	1,653
Net financial items	-38	-77	-55	-31%	-132
Profit before tax	842	712	809	4%	1,521
Profit for the period	637	548	603	6%	1,151
BALANCE SHEET, DKK MILLION					
Net interest-bearing debt	2,155	1,804	1,556	38%	1,804
Assets	9,851	8,777	8,111	21%	8,777
Equity	4,645	4,059	3,559	31%	4,059
OTHER KEY FIGURES, DKK MILLION					
Investment in property, plant and equipment, net	155	158	152	2%	310
Cash flow from operating activities (CFFO)	704	482	790	-11%	1,272
Free cash flow	508	196	586	-13%	782
Employees (average)	8,734	8,097	7,953	10%	8,025
FINANCIAL RATIOS					
Gross profit ratio	72.5%	71.5%	71.7%		71.6%
EBITDA margin	22.5%	21.6%	23.3%		22.4%
Profit margin (EBIT margin)	19.4%	18.4%	20.3%		19.3%
Return on equity	29.3%	28.8%	34.9%		31.8%
Equity ratio	47.2%	46.2%	43.9%		46.2%
Earnings per share (EPS), DKK*	11.2	9.7	10.5	7%	20.2
Cash flow per share (CFPS), DKK*	12.4	8.5	13.8	-10%	22.3
Free cash flow per share, DKK*	9.0	3.5	10.2	-12%	13.7
Dividend per share, DKK*	0	0	0		0
Equity value per share, DKK*	82.0	71.5	62.1	32%	71.2
Price earnings (P/E)	21	25	25	-16%	24
Share price, DKK*	474	484	527	-10%	484
Market cap. adjusted for treasury shares, DKK million	26,852	27,419	29,936	-10%	27,419
Average number of shares outstanding, million	56.66	56.76	57.29	-1%	57.02

Financial ratios are calculated in accordance with "Recommendations and Financial Ratios 2010" from the Danish Society of Financial Analysts. The free cash flow is calculated as the sum of cash flows from operating activities (CFFO) and investing activities (CFFI) before acquisition of enterprises, participating interests and activities. On computation of the return on equity, average equity is calculated, duly considering the purchase of treasury shares.

**Per share of nominally DKK 1.*

MANAGEMENT COMMENTARY

Market conditions and business trends

The hearing aid market

Growth in unit sales in the global market for hearing aids developed positively in the first six months of 2013, and we estimate growth to be in the middle of our long-term forecast of 2-4% unit growth. In the USA, unit growth in the private sector of the hearing aid market constituted 2% in the reporting period, which is slightly below historical growth rates. Growth in this part of the US market is exceeded by growth in VA, which was almost 5% in the first six months.

Driven by the NHS (the British health authorities), the UK saw double-digit market growth in units in the period under review, whereas unit growth in other major European markets, such as Germany, France and Italy, developed in step with unit growth in the overall global market. In Denmark and Norway, unit sales remain adversely affected by a reduction in subsidies in Denmark and structural changes in hearing care services in Norway, respectively, and during the past six months, we also saw declining sales in Holland. Following a change in the subsidy system in Switzerland at the end of 2011, the market is slowly starting to settle and we have again seen a fair increase in unit sales. In the first half-year, the market for hearing aids in Japan showed market growth matching the global market growth.

We are of the opinion that the average selling price in the global hearing aid market is still under pressure mainly due to keener competition in connection with large tenders, changes in public subsidy systems and a rise in sales to channels that cater for the more cost-conscious end-users. In return, the number of product launches in the upper price categories had a positive impact on the average selling price, but with manufacturers' different launch strategies of whom some have opted for simultaneous product launches in all price categories as well as strong sales to the NHS, we are of the impression that in overall terms, the average selling price on the market has fallen.

In our opinion, the average selling price on the market developed negatively by about 3% in the first six months of 2013. In terms of value, we therefore estimate that the market for hearing aids has developed flatly.

Hearing Devices

In the first six months of 2013, our corporate core business, which comprises the development, manufacture and wholesale of hearing aids, once again captured market shares with a fair rise in unit sales. Organic growth in revenue in the core business was well over 1% in a market which, in our opinion, saw flat development in terms of value. Compared with the second half-year 2012, our core business generated 8% organic growth. Overall, our hearing aid business, which also includes our retail activities, produced 5% growth in local currencies, whereas organic growth in revenue was neutral compared with the first half of 2012.

Trends in corporate hearing aid sales should be viewed in the light of the negative market development in Denmark, Norway and Holland where structural changes have resulted in a sizeable drop in revenue compared with the same period last year. Our strong position in these markets has had a noticeably adverse effect on organic revenue growth in Europe by more than DKK 100 million. Generally speaking, sales in the Group's other markets developed satisfactorily.

With the launch of Oticon's latest high-end hearing aid, Oticon Alta, in the first quarter of 2013, Oticon has taken another step towards delivering not only the best audiological features and improved speech intelligibility, but also the most natural sound. This means that hearing-impaired people will now – to a much higher degree than previously – be able to use their mental energy on active participation rather than use extra energy on processing the multitude of sounds they encounter in difficult listening situations. Based on Oticon's new Inium platform, Alta offers features such as Speech Guard E, Inium feedback shield and YouMatic Premium, which together create a natural listening experience adapted to match the user's listening preferences.

Oticon's customers and users have been very enthusiastic about Alta and in the first half of 2013, sales fully matched our expectations despite tough competition in this particular price category. Unlike some of its competitors, Oticon has chosen to pursue its usual launch strategy, which means that initially Oticon will only launch products to the high-end segment, however in all styles. Most competitors have, however, chosen to introduce new products in all price segments simultaneously and were therefore in a relatively stronger position than Oticon in the mid-priced segment in the reporting period. The launch strategy adopted by Oticon resulted in strong Alta sales in the high-end segment in the first six months of 2013, but has had an adverse effect on sales in the mid-priced segment.

Compared with the period immediately prior to the introduction of Oticon Alta, i.e. the second half of 2012, this turn has, however, been significant. If compared to the previous six months, organic growth in the wholesale of hearing aids was 8% in a market that saw flat or slightly positive trends in the same period, resulting in an increase in the Group's global market share of 1-2 percentage points.

With its launch in early September of a mid-priced product called Oticon Nera in two price points, Oticon will however very soon be able to offer hearing aids based on our Inium platform in a total of four price points, which will substantially boost Oticon's position in the mid-priced market. Based on the restored growth potential in the mid-priced segment, we thus expect Oticon to fairly quickly recapture market shares in this part of the market. In addition, we will introduce an entirely new line of paediatric products also building on the unique qualities of the Inium platform. This new line will deliver significant new audiological features for the fitting of hearing aids designed for children. With these potent product novelties, Oticon's product portfolio will again be among the absolutely strongest and most updated portfolios on the market, and we will therefore hold a very strong position in the continuing battle for market shares.

Like Alta, Nera will be based on the Inium platform and with the Inium feedback shield, Nera will offer one of the best anti-feedback systems on the market. Further, the YouMatic Advanced functionality will provide an option for individualising a number of settings and listening preferences with a view to matching the instrument's sound processing to the user's lifestyle and personal needs. As a new feature in the mid-priced segment, Nera will be able to offer binaural processing, enabling two hearing aids to exchange data and provide the user with a better sense of direction and spatial awareness. Nera will thus be a powerful alternative for the demanding and price-conscious customer who wants the most important features in order to achieve a natural listening experience.

Sales in Bernafon and Sonic also developed favourably in the first half-year. With the launch of its high-end product Acriva in April, Bernafon has fortified its product programme and once again demonstrated that the company can muster a fully updated product portfolio with highly competitive products based on the ChannelFree technology – and what is more, products that do not compromise on features or performance despite their competitive prices.

The roll-out of Sonic's Bliss family is progressing as planned and in the first half of 2013, Bliss made a substantial contribution to Sonic's continuous growth. September will see more exciting product novelties in the mid-priced segment from both Bernafon and Sonic. Together with Oticon's new products, our Group will thus be able to present a record number of product introductions in any second half-year and have one of the most powerful product ranges on the market.

In the first six months of 2013, our business with the NHS in the UK again picked up with a significant increase in sales, so we are still the largest supplier to the British health authorities. Corporate sales to the VA (Veterans Affairs) in the USA saw flat development in the reporting period, but with a dedicated effort and the introduction of new products, we still aim to boost sales.

In the period under review, our retail activities delivered a fair improvement in revenue driven by acquisitions made in both 2012 and 2013. A few markets were affected by declining market growth and in view of this, the development of our retail activities was satisfactory.

The original part of Oticon Medical, which develops, manufactures and sells bone-anchored hearing solutions (BAHS), once again delivered an impressive rise in revenue, driven among other things by increasing sales on the UK market and a number of markets in South America. The introduction of a new and wider implant is progressing very favourably and has enabled new surgical procedures, which are more protective of the patient's tissue. Based on its Inium platform, Oticon will in the autumn launch a new sound processor, featuring an array of wireless options as well as improved audiology for the benefit of the end-users.

Our takeover of the cochlear implant business, Neurelec, is proceeding according to plan, and we have succeeded in keeping up the sales momentum that matches our expectations. On the short term, our major focus areas are to further strengthen distribution and to boost our research and development and marketing efforts. Neurelec's new, atraumatic electrode, which has been in a controlled launch phase with excellent results, and the new speech processor called Saphyr Neo with improved performance in background noise and a more attractive design will from the fourth quarter of the year support the continuously positive development in this part of the business.

Diagnostic Instruments

In the period under review, Diagnostic Instruments generated revenue of DKK 427 million, or 5% revenue growth on the same period last year. In terms of local currencies, growth was 6%, organic growth accounting for 2 percentage points. Most of the acquired growth relates to distribution activities, including the so-called SIDs (Special Instrument Distributors) in the USA. The integration of the acquired activities is proceeding as planned and quite satisfactorily. We estimate growth in the market for diagnostic equipment to have been 2-4%.

Personal Communication

In the first six months of 2013, Personal Communication realised revenue of DKK 204 million, or a reported rate of growth of 47%, matching the organic growth rate in local currencies. Accounting for more than half the revenue generated by Personal Communication, Sennheiser Communications has moved its inventory closer to its customers by selling it to Sennheiser KG. This extraordinary sale naturally had a positive impact on revenue, but even if we adjust for this income, both Sennheiser Communications and Personal Communication have been successful and have achieved fair double-digit growth rates. Sennheiser Communications achieved fair growth in CC&O driven by Unified Communication.

FrontRow, whose primary activity is the sale of sound systems to schools and public institutions, is back on the growth track and did well with double-digit growth in revenue, whereas Phonic Ear, which sells assistive listening devices and systems designed for hearing-impaired people, saw flat development in revenue.

Revenue and result

In the reporting period, the Group realised revenue amounting to DKK 4,541 million, or 7% growth on the first half of 2012. The improvement in revenue is attributable to organic and acquired growth of 2 and 5 percentage points, respectively. The exchange rate impact for the period under review was neutral.

Revenue by business activity

DKK million	1st half 2013	1st half 2012	Change DKK	Change Local currency
Hearing Devices	3,910	3,711	5%	5%
Diagnostic Instruments	427	408	5%	6%
Personal Communication	204	139	47%	47%
Total	**4,541**	**4,258**	**7%**	**7%**

In the period under review, consolidated gross profit totalled DKK 3,292 million, or an 8% rise on the same period last year and a rise of 7% on the second half of 2012. The gross profit ratio was 72.5%, or an improvement of 0.8 percentage point compared with the same period last year and an improvement of 1 percentage point on the second half of 2012. The improvement in the gross profit ratio should be viewed in the light of the Group's focus on unit costs and the reduction of such costs. An ever increasing share of corporate products being manufactured in Poland and the growth in hearing aid unit sales, enabling us to realise economies of scale, also contributed to this improvement. As expected, Oticon Alta had a positive impact on the product mix in the period under review. We have, however, also witnessed substantial growth in sales to the NHS, which pulls in the opposite direction.

Capacity costs

DKK million	1st half 2013	1st half 2012	Change DKK	Change Local currency
R&D costs	331	315	5%	5%
Distribution costs	1,807	1,607	12%	14%
Administrative expenses	276	275	0%	2%
Total	**2,414**	**2,197**	**10%**	**12%**

In the first half-year, capacity costs totalled DKK 2,414 million, or a 12% rise in local currencies compared with the same period last year, acquisitions accounting for almost half of this increase.

Consolidated research and development costs amounted to DKK 331 million in the period under review, matching an increase of 5% in local currencies. Distribution costs were DKK 1,807 million in the first half-year, which is a 14% rise on last year in local currencies. Slightly less than half this increase can be attributed to acquisitions made primarily relating to the distribution of hearing aids, Oticon Medical and Diagnostic Instruments. Consolidated administrative expenses rose by 2% in local currencies.

Operating profit (EBIT) amounted to DKK 880 million, representing a 2% increase on the same period last year and a 12% rise on the second half-year of 2012. The profit margin (EBIT margin) is 19.4%, matching a fall of 0.9 percentage point on the same period last year. The fall resulted from higher growth in underlying capacity costs in the period than in organic revenue and also from a high level of corporate acquisitions. On the short term, our acquisition of Neurelec will dilute the consolidated profit margin as seen in the first six months of 2013, but on the longer term, we expect Neurelec's profit margin to match that of the Group. Compared with the second half of 2012, the profit margin rose by 1 percentage point.

Despite a higher consolidated net interest-bearing debt, interest payments are at the same level as last year, as the refinancing of a sizeable debt in the second quarter of 2013 means that the Group will benefit from a lower interest level. In the period under review, consolidated net financials amounted to DKK -38 million, or an improvement of DKK 17 million on the same period last year. This improvement is primarily attributable to a positive impact the of foreign currency translation adjustment of some balance sheet items. Tax on profit for the period was DKK 205 million, corresponding to an effective tax rate of 24.3% (25.5% in the first half-year of 2012). The effective tax rate is lower than the previously estimated tax rate of 25% for the full year 2013, the main reason being the adoption of a growth package by the Danish parliament, which among other initiatives includes the gradual reduction of the corporation tax from 25% to 22% in 2014 through 2016. The reduction of the corporation tax rate will affect the tax value of consolidated deferred tax. We now estimate the tax rate for the full year 2013 to be 24-25%. Earnings per share (EPS) constituted DKK 11.2, which are the highest earnings per share ever generated by our Group in any half-year period and match a 7% rise on the same period last year. Compared with the second half of 2012, we have seen a sequential rise of 16%.

Cash flows and balance sheet

With our current use of forward exchange contracts, forecast cash flows are hedged in the main currencies with a horizon of up to 24 months. Realised forward exchange contracts are recognised in the income statement together with the items that such contracts are designed to hedge. In addition to hedging by means of forward exchange contracts, we raise loans in foreign currency to balance out net receivables.

At the end of the reporting period, we had entered into forward exchange contracts at a contractual value of DKK 604 million (DKK 1,607 million at 30 June 2012) and a fair value of DKK 49 million (DKK -83 million at 30 June 2012). At 30 June 2013, the major contracts hedged the following currencies:

Forward exchange contracts at 30 June 2013

Currency	Hedging period	Hedging rate
USD	5 months	576
JPY	11 months	7.22
AUD	3 months	603
GBP	6 months	873
CAD	4 months	585

Cash flow by main items

DKK million	1st half 2013	1st half 2012
Operating profit (EBIT)	**880**	**864**
Cash flow from operating activities	704	790
Cash flow from investing activities	-196	-204
Free cash flow	**508**	**586**
Acquisition of enterprises, participating interests and activities	-952	-210
Financing activities	322	-558
Net cash flow for the period	**-122**	**-182**

In the first half of 2013, consolidated cash flows from operating activities were DKK 704 million against DKK 790 million in the same period last year. The lower level is mainly due to an increase in trade receivables attributable, among other things, to the introduction of Oticon Alta and the sale of Sennheiser Communications' inventory to Sennheiser KG. Cash flows for investing activities (excluding the acquisition of enterprises, participating interests and activities) in the reporting period amounted to DKK 196 million, which is a bit below the level in the first half-year of 2012. Free cash flows (excluding the acquisition of enterprises, participating interests and activities) totalled DKK 508 million against DKK 586 million in the first half of 2012. The cash sum for the acquisition of enterprises, participating interests and activities was DKK 952 million, which is a considerable increase on the same period last year when the corresponding amount was DKK 210 million. The total acquisition sum for Neurelec amounted to DKK 428 million, with acquisitions in distribution and Diagnostic Instruments accounting for the remaining sum.

Consolidated assets totalled DKK 9,851 million at 30 June 2013, or a rise of 12% on year-end 2012. This increase is mainly attributable to an increase in consolidated goodwill resulting from the acquisitions made in the reporting period.

At 30 June 2013, consolidated net interest-bearing debt amounted to DKK 2,155 million, or a rise of DKK 351 million on year-end 2012. The rise in the net interest-bearing debt can be attributed to various acquisitions. Consequently, we have not bought back shares in the reporting period. We aim to constantly keep the consolidated net interest-bearing debt within the desired interval of DKK 2.0-2.5 billion, and with the prospect of continuous solid cash flows from operating activities, we aim to use our share buyback programme to channel excess consolidated cash flows – after any acquisitions – back to our shareholders. The Company cancelled its entire holding of treasury shares at the annual general meeting and therefore held no treasury shares at 30 June 2013.

In the reporting period, our Group employed an average of 8,734 staff (7,953 in the first half of 2012).

Accounting policies as well as financial estimates and judgements

Our Interim Report is presented in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU, and further Danish disclosure requirements in respect of interim reports for listed companies. We have not drawn up any separate interim report for the Parent. The Interim Report is presented in Danish kroner (DKK), which is the functional currency of the Parent.

The accounting policies used in this Interim Report are the same as used in the consolidated financial statements for 2012 to which we refer for a full description. The Group has adopted all new, amended or revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning on 1 January 2013. The implementation of such standards and interpretations has not had any significant impact on the consolidated financial statements for the first six months of 2013.

Compared with the description in the Annual Report 2012, there have been no changes in accounting estimates and assumptions in connection with Management's use of corporate accounting policies.

Events after the balance sheet date

There have been no events to change the assessment of the Interim Report after the balance sheet date and until today.

Outlook for the 2013 financial year

We maintain our forecasts for 2013, except that the corporate tax rate is now estimated at 24-25% against a previous expectation of "about 25%". We would emphasise that revenue and earnings in the second half-year are expected to exceed the levels achieved in the first six months. Our overall outlook for 2013 may be summarised as follows:

Despite the fact that in 2013 the market for hearing aids is still marked by more uncertainty than previously, our best estimate is that the global market for hearing aids will generate a modest positive growth rate in terms of value for the year as a whole.

For 2013, we expect an organic revenue growth rate in the wholesale of hearing aids to exceed the market growth rate by 3-5 percentage points in local currencies, and our retail business is expected to generate an organic growth rate, matching the growth rate in the underlying market. We further expect Diagnostic Instruments to capture market shares organically in a market that is estimated to show low single-digit growth. In addition, there may be some exchange rate impacts. Moreover, we maintain our forecasts in respect of consolidated operating profit (EBIT) for 2013 and expect such profit to outmatch the level realised in 2012.

MANAGEMENT STATEMENT

We have today discussed and approved the Interim Report for the first half of 2013 for William Demant Holding A/S.

Our Interim Report has been prepared in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and further Danish disclosure requirements in respect of interim reports for listed companies. The Interim Report has not been audited or reviewed by our auditors.

In our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2013 as well as of the results of our activities and cash flows for the first six months of 2013.

We also believe that Management commentary contains a fair review of the development in the Group's business and financial position, the results for the period and the Group's financial position as a whole as well as a description of the principal risks and uncertainties facing the William Demant Group.

Smørum, 14 August 2013

Executive Board:

Niels Jacobsen

Board of Directors:

Lars Nørby Johansen Chairman	Peter Foss Deputy Chairman
Niels B. Christiansen	Thomas Hofman-Bang
Ole Lundsgaard	Jørgen Møller Nielsen

Karin Ubbesen

INCOME STATEMENT

GROUP (DKK million)

	1st half 2013	1st half 2012	Full year 2012
Revenue	**4,541**	**4,258**	**8,555**
Production costs	-1,249	-1,203	-2,428
Gross profit	**3,292**	**3,055**	**6,127**
Research and development costs	-331	-315	-652
Distribution costs	-1,807	-1,607	-3,311
Administrative expenses	-276	-275	-523
Share of profit after tax, associates	2	6	12
Operating profit (EBIT)	**880**	**864**	**1,653**
Financial income	26	22	44
Financial expenses	-64	-77	-176
Profit before tax	**842**	**809**	**1,521**
Tax on profit for the period	-205	-206	-370
Profit for the period	**637**	**603**	**1,151**
Profit for the period attributable to:			
William Demant Holding A/S' shareholders	637	605	1,153
Minority interests	0	-2	-2
	637	**603**	**1,151**
Earnings per share (EPS), DKK	11.2	10.5	20.2
Diluted earnings per share (DEPS), DKK	11.2	10.5	20.2

STATEMENT OF COMPREHENSIVE INCOME

GROUP (DKK million)

	1st half 2013	1st half 2012	Full year 2012
Profit for the period	**637**	**603**	**1,151**
Other comprehensive income:			
Items that have been or can be reclassified to the income statement:			
Foreign currency translation adjustment, foreign enterprises	-79	44	3
Value adjustment of hedging instruments:			
Value adjustment for the period	50	-47	4
Value adjustment transferred to revenue	-28	44	101
Value adjustment transferred to financial expenses	10	13	28
Tax on items that have been or can be reclassified to the income statement	-4	-3	-27
Items that have been or can be reclassified to the income statement	**-51**	**51**	**109**
Items that cannot be reclassified to the income statement:			
Actuarial gains/(losses) on defined benefit plans	0	0	-8
Tax on items that cannot be reclassified to the income statement	0	0	0
Items that cannot be reclassified to the income statement	**0**	**0**	**-8**
Other comprehensive income	**-51**	**51**	**101**
Comprehensive income	**586**	**654**	**1,252**
Comprehensive income attributable to:			
William Demant Holding A/S' shareholders	586	655	1,254
Minority interests	0	-1	-2
	586	**654**	**1,252**

BALANCE SHEET – ASSETS

GROUP (DKK million)

	30 June 2013	30 June 2012	31 Dec. 2012
Goodwill	3,073	2,155	2,568
Patents and licences	41	47	47
Other intangible assets	29	36	33
Intangible assets	**3,143**	**2,238**	**2,648**
Land and buildings	675	669	686
Plant and machinery	156	142	159
Other plant, fixtures and operating equipment	254	255	259
Leasehold improvements	172	157	170
Prepayments and assets under construction	142	110	98
Property, plant and equipment	**1,399**	**1,333**	**1,372**
Investments in associates	466	129	278
Receivables from associates	217	105	124
Other investments	12	11	12
Other receivables	651	549	623
Deferred tax assets	273	298	268
Other non-current assets	**1,619**	**1,092**	**1,305**
Non-current assets	**6,161**	**4,663**	**5,325**
Inventories	1,043	1,055	1,014
Trade receivables	1,954	1,778	1,754
Receivables from associates	11	8	12
Income tax	33	18	88
Other receivables	157	136	142
Unrealised gains on financial contracts	45	0	31
Prepaid expenses	103	106	104
Cash	344	347	307
Current assets	**3,690**	**3,448**	**3,452**
Assets	**9,851**	**8,111**	**8,777**

BALANCE SHEET – EQUITY AND LIABILITIES

GROUP (DKK million)

	30 June 2013	30 June 2012	31 Dec. 2012
Share capital	57	58	58
Other reserves	4,590	3,497	4,003
Equity attributable to William Demant Holding A/S' shareholders	4,647	3,555	4,061
Equity attributable to minority interests	-2	4	-2
Equity	**4,645**	**3,559**	**4,059**
Interest-bearing debt	69	91	76
Deferred tax liabilities	143	115	148
Provisions	143	207	122
Other liabilities	121	180	136
Non-current liabilities	**476**	**593**	**482**
Interest-bearing debt	3,131	2,337	2,637
Trade payables	401	377	351
Income tax	108	137	54
Provisions	43	41	36
Other liabilities	848	764	936
Unrealised losses on financial contracts	9	119	26
Deferred income	190	184	196
Current liabilities	**4,730**	**3,959**	**4,236**
Liabilities	**5,206**	**4,552**	**4,718**
Equity and liabilities	**9,851**	**8,111**	**8,777**

CASH FLOW STATEMENT

GROUP (DKK million)

	1st half 2013	1st half 2012	Full year 2012
Operating profit (EBIT)	880	864	1,653
Non-cash items etc.	138	115	237
Change in receivables etc.	-168	-65	-31
Change in inventories	6	37	89
Change in trade payables and other liabilities etc.	-1	-23	-81
Change in provisions	11	12	-84
Cash flow from operating profit	**866**	**940**	**1,783**
Financial income etc. received	17	19	38
Financial expenses etc. paid	-63	-66	-171
Realised foreign currency translation adjustments	0	0	2
Income tax paid	-116	-103	-380
Cash flow from operating activities (CFFO)	**704**	**790**	**1,272**
Acquisition of enterprises, participating interests and activities	-952	-210	-682
Investments in and disposal of intangible assets	-3	-7	-14
Investments in property, plant and equipment	-160	-157	-329
Disposal of property, plant and equipment	5	5	19
Investments in other non-current assets	-94	-98	-273
Disposal of other non-current assets	56	53	107
Cash flow from investing activities (CFFI)	**-1,148**	**-414**	**-1,172**
Repayment on debt to financial institutions	-285	-196	-148
Proceeds from debt to financial institutions	607	42	42
Purchase of treasury shares	0	-400	-497
Other adjustments	0	-4	3
Cash flow from financing activities (CFFF)	**322**	**-558**	**-600**
Cash flow for the period, net	**-122**	**-182**	**-500**
Cash and cash equivalents at the beginning of the period	-1,338	-846	-846
Foreign currency translation adjustment of cash and cash equivalents	-1	-20	8
Cash and cash equivalents at the end of the period	**-1,461**	**-1,048**	**-1,338**
Breakdown of cash and cash equivalents at the end of the period:			
Cash	344	347	307
Interest-bearing current bank debt	-1,805	-1,395	-1,645
Cash and cash equivalents at the end of the period	**-1,461**	**-1,048**	**-1,338**

STATEMENT OF CHANGES IN EQUITY

GROUP (DKK million)

	Share capital	Other reserves: Foreign currency translation reserve	Other reserves: Hedging reserve	Other reserves: Retained earnings	William Demant Holding A/S' share-holders' share	Minority interests' share	Equity
Equity at 1.1.2012	**58**	**92**	**-88**	**3,238**	**3,300**	**4**	**3,304**
Compr. income for the period:							
Profit for the period	-	-	-	605	605	-2	603
Other comprehensive income:							
Foreign currency translation adjustment, foreign enterprises	-	43	-	-	43	1	44
Value adjustment of hedging instruments:							
Value adjustment,period	-	-	-47	0	-47	0	-47
Value adjustment transferred to revenue	-	-	44	0	44	0	44
Value adjustment transferred to financial expenses			13	0	13	0	13
Tax on other compr. income	-	-1	-2	0	-3	0	-3
Other comprehensive income	-	42	8	0	50	1	51
Compr. income for the period	-	42	8	605	655	-1	654
Purchase of treasury shares	-	-	0	-400	-400	0	-400
Addition/disposal of minority interests	-	-	-	-	-	1	1
Equity at 30.06.2012	**58**	**134**	**-80**	**3,443**	**3,555**	**4**	**3,559**
Equity at 1.1.2013	**58**	**101**	**12**	**3,890**	**4,061**	**-2**	**4,059**
Compr. income for the period:							
Profit for the period	-	-	-	637	637	0	637
Other comprehensive income:							
Foreign currency translation adjustment, foreign enterprises	-	-79	-	-	-79	0	-79
Value adjustment of hedging instruments:							
Value adjustment, period	-	-	50	0	50	0	50
Value adjustment transferred to revenue	-	-	-28	0	-28	0	-28
Value adjustment transferred to financial expenses	-	-	10	0	10	0	10
Tax on other compr. income	-	1	-5	0	-4	0	-4
Other comprehensive income	-	-78	27	0	-51	0	-51
Compr. income for the period	**-**	**-78**	**27**	**637**	**586**	**0**	**586**
Capital reduction through cancellation of treasury shares	-1	-	-	1	0	0	0
Equity at 30.6.2013	**57**	**23**	**39**	**4,528**	**4,647**	**-2**	**4,645**

ACQUISITION OF ENTERPRISES AND ACTIVITIES

GROUP (DKK million)

	North America	Pacific Rim	Europe/ Asia	1st half 2013	1st half 2012
			Fair value on acquisition		
Intangible assets	0	0	1	1	3
Property, plant and equipment	3	0	15	18	5
Inventories	3	0	33	36	9
Current receivables	5	0	55	60	22
Cash and bank debt	2	0	1	3	9
Non-current liabilities	0	0	-26	-26	-5
Current liabilities	-6	0	-46	-52	-27
Acquired net assets	**7**	**0**	**33**	**40**	**16**
Goodwill	62	7	471	540	143
Acquisition cost	**69**	**7**	**504**	**580**	**159**
Minority interests' share of acquisition cost	0	0	0	0	-2
Fair value of non-controlling interests on obtaining control	0	0	-12	-12	-10
Earn-outs and deferred payments	-5	-3	-18	-26	-11
Acquired cash and bank debt	-2	0	-1	-3	-9
Cash acquisition cost	**62**	**4**	**473**	**539**	**127**

Consolidated acquisitions in the reporting period relate primarily to the acquisition of the French manufacturer of cochlear implants, Neurelec SA. The acquisition was made on 2 April 2013 and included all shares in the company against an acquisition cost of DKK 428 million. In addition, the Group has acquired distributors relating to Diagnostic Instruments and Hearing Devices. Goodwill is attributable to estimated synergies, future growth opportunities and staff competencies.

At the time of acquisition, minority interests' shares of acquisitions are measured at their proportionate shares of the total fair values of the acquired entities including goodwill. The fair values of non-controlling interests on obtaining control are recognised in the share of profit from associates with fair value adjustments of DKK 0 million (DKK 3 million in the first half of 2012).

In the first half-year, a few adjustments were made to the preliminary recognition of acquisitions made in 2012. These adjustments are due to a reduction of estimated earn-out and goodwill in the amount of DKK 1 million. Furthermore, we have revised down earn-outs relating to the final recognition of acquisitions amounting to DKK 43 million; an amount that was recognised in distribution costs.

Of the total acquisition cost in the reporting period, the fair values of estimated contingent consideration in the form of earn-outs or deferred payments accounted for DKK 26 million, such payments depending on the results of the acquired entities in a period of 1-5 years after takeover and can maximum total DKK 32 million.

The above statements of the fair values of the respective acquisitions in the first half of 2013 and acquisitions in 2012 are not considered final until 12 months after takeover. Recognised in administrative expenses, transaction costs in connection with acquisitions in the reporting period are DKK 3 million.

As part of our ordinary activities, we have made acquisitions in the period between the balance sheet day and the presentation of this Interim Report. We are in the process of calculating their fair values. Acquisition costs are expected to relate primarily to goodwill.

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William Demant