Announcement no. 01/2011
25 January 2011

Q1 2010/11

Interim financial report, Q1 2010/11

(1 October 2010 - 31 December 2010)

Highlights

- Organic revenue growth was 6%. Revenue in DKK was up by 11% to DKK 2,541m.
- Organic growth rates by business area: Ostomy Care 6%, Urology & Continence Care 9%. In Wound & Skin Care sales fell by 2%.
- Gross profit was up by 19% to DKK 1,612m, bringing the gross margin to 63% from 59% in Q1 2009/10.
- EBIT was up by 35% to DKK 613m. The EBIT margin was 24% against 20% in Q1 2009/10. At constant exchange rates, the EBIT margin was 23%.
- The free cash flow fell by DKK 407m relative to Q1 2009/10 to an outflow of DKK 233m.
- ROIC after tax was 27%, compared with 20% in Q1 2009/10.
- The second half of the share buy-back programme is expected to commence by the end of the current quarter

Financial guidance for 2010/11

- We continue to expect organic revenue growth of 6-8%. We now expect 8-10% growth in DKK.
- We continue to expect an EBIT margin of 23-25%, both at constant exchange rates and in DKK.
- The capital expenditure forecast is unchanged at DKK 300–400m.
- The effective tax rate forecast is unchanged at about 26%.

Conference call
Coloplast will host a conference call on 26 January 2011 at 12.30 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4607, +44 (0)20 7162 0077 or +1 334 323 6201. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Financial highlights and key ratios

1 October - 31 December

	Group		Change
	DKK million		
	2010/11	2009/10	
	Q1	Q1	
Income statement			
Revenue	2,541	2,296	11%
Research and development costs	(112)	(92)	22%
Operating profit bef. interest, tax, depreciation & amortisation (EBITDA)	747	592	26%
Operating profit before special items	613	454	35%
Operating profit (EBIT)	613	454	35%
Net financial income and expenses	(63)	(76)	(17%)
Profit before tax	550	378	46%
Coloplast's share of profit for the period	407	276	47%
Revenue growth			
Annual growth in revenue, %	11	5	
Growth break down			
Organic growth, %	6	7	
Currency effect, %	5	(2)	
Balance sheet			
Total assets	8,116	7,545	8%
Invested capital	7,008	6,580	7%
Net interest-bearing debt	2,190	2,405	(9%)
Equity at year-end, Coloplast´s share	3,522	2,879	22%
Cash flow and investments			
Cash flow from operating activities	(6)	236	<(100%)
Cash flow from investing activities	(227)	(62)	>100%
Investments in property, plant and equipment, gross	(67)	(53)	26%
Free cash flow	(233)	174	<(100%)
Cash flow from financing activities	76	(556)	<(100%)
Key figures ratios			
Operating margin, EBIT, %	24	20	
Operating margin, EBITDA, %	29	26	
Return on average invested capital before tax (ROIC), %	37	28	
Return on average invested capital after tax (ROIC), %	27	20	
Return on equity, %	47	39	
Ratio of net debt to EBITDA	0.7	1.0	
Interest cover	30	16	
Equity ratio, %	43	38	
Rate of debt to enterprise value, %	6	10	
Net asset value per share, DKK	78	64	22%
Per share data			
Share price	758	473	60%
Share price/net asset value per share	9.7	7.4	31%
Average number of outstanding shares, millions	42.2	42.9	(2%)
PE, price/earnings ratio	19.7	19.3	2%
Earnings per share (EPS)	9.6	6.4	50%
Free cash flow per share	(5.7)	4.1	<(100%)

Management's report

Sales performance

In DKK, revenue was up by 11% to DKK 2,541m. The organic growth rate was 6%.

Sales performance by business area

	DKK million		Growth composition			
	2010/11 3 mth	*2009/10 3 mth*	*Organic growth*	*Acquired operations*	*Exchange rates*	*Reported growth*
Ostomy	1,058	955	6%	0%	5%	11%
Urology and Continence	1,114	979	9%	1%	4%	14%
Wound & Skin Care	369	362	(2%)	0%	4%	2%
Net revenue	**2,541**	**2,296**	**6%**	**0%**	**5%**	**11%**

Ostomy Care
Sales of ostomy care products amounted to DKK 1,058m, an increase of 11%. Organic growth was 6%. Growth is satisfactory and remains driven by the SenSura® product portfolio. In addition, sales of our older generation MC/PC ostomy bags are improving in emerging markets. During the past quarter we launched an assortment of Sensura® accessories for hospital use. So far, the assortment has been launched in nine countries.

Urology & Continence Care
Our Urology & Continence Care revenue improved by 14% to DKK 1,114m on 9% organic growth. Growth remains driven by intermittent catheters in the European and North American markets. We continue to win market share in Europe. Growth in the US market is losing momentum as the effects of the improved reimbursement for catheters wear off. There is a satisfactory performance in the sale of Conveen® urisheaths, Conveen® urine bags and the Peristeen® anal irrigation system. In the urology business, sales continue to be driven by penile implants, especially the Titan® product portfolio. The integration of Mpathy Medical Devices is nearing its conclusion. In January, we launched SpeediCath® Compact Male in seven countries following a very satisfactory pre-launch.

Wound & Skin Care
Sales of wound and skin care products amounted to DKK 369m, which corresponds to a 2% increase compared to last year. In local currencies, sales fell by 2% from last year. Restructuring in the core markets UK, Germany and France is progressing to plan. We continue to expect an increase in growth rates in the current financial year driven by the ongoing initiatives. Q1 growth was partly affected by changes to the product mix in Greece resulting from the added pressure on government budgets.
The North American skin care business was also a negative contributor to growth, as especially the Canadian market incurred weaker sales of hand cleansing products relative to Q1 2009/10, when sales were boosted by the H1N1 pandemic. Accordingly, the resulting effects will be reduced substantially going forward.

Sales performance by region

	DKK million		Growth composition			
	2010/11 3 mth	2009/10 3 mth	Organic growth	Acquired operations	Exchange rates	Reported growth
Europe	1,862	1,764	4%	0%	2%	6%
Americas	435	352	12%	2%	10%	24%
Rest of the world	244	180	19%	0%	17%	36%
Net revenue	**2,541**	**2,296**	**6%**	**0%**	**5%**	**11%**

Europe
Revenue amounted to DKK 1,862m, which translated into reported growth of 6%. The Q1 organic growth rate was 4%, one percentage point lower than in Q4 2009/10. We generated stable sales growth in our major markets, with the exception of the German business where performance was adversely affected by high comparative figures from Q1 of last year. The quarterly performance was adversely affected by developments in the wound care business and by developments in Greece as that market is suffering from added pressure on government budgets. Russia made a major contribution to growth in the ostomy care business in Europe.

The Americas
Revenue in the Americas increased by 24% to DKK 435m. Developments in the Brazilian Real as well as the US and Canadian dollars lifted revenue growth by 10 percentage points, while organic growth was 12%. The Mpathy acquisition contributed 2% revenue growth. Diminishing growth rates for the continence care business in the USA were offset by increasing growth rates in the South American markets, especially Brazil.

Rest of the World
Revenue in the Rest of the World increased by 36% to 244m. The appreciation of the Australian Dollar and Japanese Yen in particular relative to DKK lifted the reported growth. Organic growth for the quarter was 19%, driven by the growing sales in China, among other things.

Gross profit

The gross profit was up by 19% to DKK 1,612m from DKK 1,354m in Q1 2009/10.

The gross margin was 63%, against 59% in Q1 2009/10. The improvement was due in particular to enhanced production efficiency and lower payroll costs resulting from the relocation of production to Hungary and China. The relocation of Sensura® and Biatain® has been completed and the improved production economy is contributing significantly to the higher consolidated gross margin. Changes in exchange rates lifted the gross margin by almost one percentage point. The gross margin for the quarter was affected by costs of DKK 10m related to the layoff of employees in Global Operations. The gross margin was in line with Q4 of last year.

Capacity costs

Distribution costs amounted to DKK 760m, equal to 30% of revenue, which was 1 percentage point more than in Q1 2009/10. Costs increased during the quarter partly due to investments in the sales force of the wound care business and in the Chinese market.

Administrative expenses amounted to DKK 136m. Administrative expenses amounted to 5% of revenue compared with 6% in Q1 2009/10. The improvement was mainly due to continuing efficiency-improving measures.

R&D costs were DKK 112m and accounted for 4% of revenue, which was in line with Q1 of last year. The level of activity increased from the previous quarter.

Other operating income and other operating expenses amounted to a net income of DKK 9m against DKK 0m in Q1 2009/10.

Operating profit (EBIT)

EBIT was up by 35% to DKK 613m against DKK 454m in Q1 of last year. The EBIT margin was 24% against 20% in the same period of last year. At constant exchange rates, the EBIT margin was 23%.

Financial items and tax

Financial items amounted to a net expense of DKK 63m against DKK 76m in Q1 2009/10.

Financial items

	DKK million	
	2010/11 Q1	*2009/10 Q1*
Interest, net	(25)	(36)
Fair value adjustment of options	(28)	(22)
Exchange rate adjustments	(7)	(8)
Other financial items	(3)	(10)
Total financial items	**(63)**	**(76)**

The effective tax rate was 26%, against 27% last year, for a tax expense of DKK 143m, as compared with DKK 102m in Q1 2009/10.

Net profit for the period

The Q1 net profit was up by 47% to DKK 407m. Earnings per share (EPS) were DKK 9.6, against DKK 6.4 in the same period of last year.

Cash flows and investments

Cash flow from operating activities

The company reported a net cash outflow for operating activities of DKK 6m against an inflow of DKK 236m in the same period of last year. The change was due especially to a DKK 267m increase in income tax paid, mainly in Denmark. In addition, the increase in earnings was offset by the increase in working capital.

Investments

Coloplast invested a gross amount of DKK 231m in Q1 2010/11 compared with DKK 66m in Q1 2009/10. The increase was mainly due to the DKK 160m acquisition of Mpathy. Investments accounted for 9% of revenue against 3% last year. Gross investments in property, plant and equipment amounted to DKK 67m.

Free cash flow

The free cash flow was negative at DKK 233m, while it was positive at DKK 174m in Q1 2009/10. The change was mainly due to the payment of income tax and the acquisition of Mpathy.

Capital reserves

We have confirmed long-term credit facilities of approximately DKK 5bn, of which about half is unutilised.

Statement of financial position and equity

Balance sheet
At DKK 8,116m, total assets increased by DKK 345m relative to 30 September 2010. Intangible assets amounted to DKK 1,986m, which was DKK 219m higher than at 30 September 2010. The increase was mainly due to the acquisition of Mpathy Medical Devices and the USD appreciation against DKK.

Current assets increased by DKK 138m to DKK 3,491m.

Trade receivables increased by DKK 171m, or 10%, relative to 30 September 2010. The increase was due to appreciation of exchange rates on receivables in foreign currency and higher sales.

Trade payables amounted to DKK 369m, against DKK 455m at 30 September 2010, whereas inventories increased by DKK 25m.

Working capital made up 24% of revenue, as compared with 23% at 30 September 2010.

Equity
Equity increased by DKK 70m relative to 30 September 2010 to stand at DKK 3,522m. Dividend payments of DKK 422m were offset by the profit for the period of DKK 407m and other comprehensive income of DKK 21m. Employees' exercise of share options and the sale of employee shares totalling DKK 60m contributed to increasing equity.

Net interest-bearing debt and capital structure
Net interest-bearing debt increased by DKK 597m relative to the beginning of the year to stand at DKK 2,190m. The ratio of net interest-bearing debt to EBITDA was 0.7. Approximately 65% of our total debt carries a fixed rate, as compared with 85% at the beginning of the year, and no significant loans are due for refinancing until 2013.

We raised a loan of DKK 440m with the European Investment Bank during Q1. The loan matures in 2017.

Share buy-backs and dividends
In December 2009, the shareholders in general meeting authorised Coloplast to establish a share buy-back programme totalling up to DKK 1bn until the end of the 2010/11 financial year. The first half of the buy-back programme, for DKK 500m, was completed last year. The remaining DKK 500m under the rest of the buy-back programme is expected to commence before the end of the current quarter.

Treasury shares
At 31 December 2010, Coloplast's holding of treasury shares consisted of 2,710,486 B shares, which was DKK 120,585 less than at 30 September 2010.

Financial guidance
Financial guidance for the 2010/11 financial year:

- We continue to expect organic revenue growth of 6-8%. We now expect 8-10% growth in DKK.
- We continue to expect an EBIT margin of 23-25%, both at constant exchange rates and in DKK.
- The capital expenditure forecast is unchanged at DKK 300–400m.
- The effective tax rate forecast is unchanged at about 26%.

The acquisition of Mpathy Medical Devices of 29 October 2010 (see Announcement No. 11/2010) lifted the guidance for growth in DKK by almost half a percentage point.

Coloplast's long-term financial ambition is to outgrow the market while achieving earnings margins that are in line with the best performing med-tech companies.[1]

The overall weighted market growth in Coloplast's current markets is expected to be about 5% in the 2010/11 financial year.

Our financial guidance is inherently subject to some degree of uncertainty. Significant changes in currency, business or macroeconomic conditions, including changes within healthcare, may impact the company's financial conditions.

Other events

Exchange rate exposure
Our financial guidance for the 2010/11 financial year has been prepared on the basis of the following assumptions for the company's main currencies:

DKK	GBP	USD	HUF	EUR
Average exchange rate 2009/10*	857	551	2,72	744
Spot rate 20 January 2011	883	553	2,71	745
Estimated average exchange rate 2010/2011	879	552	2,71	745
Change in estimated average exchange rates compared with last year**	3%	0%	0%	0%

*) average exchange rates 2009/10 are used w hen calculating the organic revenue grow th rates and the EBIT margin in fixed exchange rates.

**) Estimated average exchange rate is calculated as the average exchange rate year to date combined w ith the spot rate for the remainder of the year.

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Last year, we relocated a large part of our US-based catheter production to China, which has resulted in a change to our USD exposure. Fluctuations in HUF against DKK affect the operating profit, because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

In DKK millions over 12 months on a 10% initial drop in exchange rates (Average exchange rates 2009/10)	**Revenue**	**EBIT**
USD	-130	-30
GBP	-150	-85
HUF	0	40

Global Operations (GO)
In the first quarter of 2010/11, we reduced the number of job positions in Denmark by 30 due to the relocation of production from Denmark to Hungary and China. We expect to discontinue up to 50 positions in Q2 2010/11. We continue to expect to complete the relocation process by the end of March 2011.

Capital Market Days in Hungary
Coloplast will be hosting Capital Market Days for market professionals in Hungary on 21-22 June 2011. On Tuesday, June 21, we will hold a healthcare seminar in Budapest from 14.00–18.00 with presentations by the management of our Market Access and Public Affairs departments. The preliminary programme covers the following topics:

[1] Coloplast's current peer group consists of the following listed med-tech companies: Medtronic Inc., Baxter International Inc., Covidien PLC, Stryker Corp., St. Jude Medical Inc., Boston Scientific Corp., Sonova Holding AG, Smith&Nephew PLC, CR Bard Inc., Getinge AB, WDH A/S, American Medical systems Inc.

- Comparative overview of healthcare delivery and financing systems
- Funding and reimbursement of medical devices
- Future trends in healthcare delivery, services and payment

Our CEO and CFO will host a dinner event that evening.

On Wednesday, June 22 (from 08.00–17.00), the Capital Market Day will move to our Tatabanya production facility and will include presentations by our Executive Management and by our Global Operations management team as well as a tour of the factory. The preliminary programme includes the following topics:

- Current state of the business by executive management
- Global Operations update - from local to global operations
- Sourcing - a key to future cost improvements?
- Operational excellence – the next step?

Forward-looking statements
The forward-looking statements in this announcement, including revenue and earnings guidance, do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequences of which are difficult to predict. The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time.
Major fluctuations in the exchange rates of key currencies, significant changes in the healthcare sector or major developments in the global economy may impact our ability to achieve the defined long-term targets and meet our guidance. This may impact our company's financial results.

Management statement

The Board of Directors and the Executive Management today considered and approved the interim report of Coloplast A/S for the period 1 October 2010 – 31 December 2010. The interim report, which is unaudited, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional 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, equity, liabilities and financial position at 31 December 2010 and of the results of the Group's operations and cash flows for the period 1 October 2010 – 31 December 2010.

Also, in our opinion, the management's review includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Humlebæk, 25 January 2011

Executive Management:

Lars Rasmussen President, CEO	Lene Skole Executive Vice President, CFO

Board of Directors:

Michael Pram Rasmussen	Niels Peter Louis-Hansen		
Per Magid	Brian Petersen	Jørgen Tang-Jensen	Sven Håkan Björklund
Thomas Barfod Controller	Gitte Böse Andersen International Product Manager	Torben Julle Rasmussen Worker	

List of tables

Unaudited

Statement of comprehensive income

1 October - 31 December

(Unaudited)

Note		Group		Index
		DKK million		
		2010/11	2009/10	
		Q1	Q1	
1	Revenue	2,541	2,296	111
	Cost of sales	(929)	(942)	99
	Gross profit	**1,612**	**1,354**	**119**
	Distribution costs	(760)	(670)	113
	Administrative expenses	(136)	(138)	99
	Research and development costs	(112)	(92)	122
	Other operating income	10	14	71
	Other operating expenses	(1)	(14)	7
	Operating profit before special items	**613**	**454**	**135**
	Special items	0	0	
1	**Operating profit (EBIT)**	**613**	**454**	**135**
2	Financial income	13	5	260
3	Financial expenses	(76)	(81)	94
	Profit before tax	**550**	**378**	**146**
	Tax on profit for the period	(143)	(102)	140
	Net profit for the period	**407**	**276**	**147**
	Other comprehensive income			
	Value adjustment for the year	(48)	2	
	Transferred to financial items	17	5	
	Tax effect of hedging	8	(2)	
	Exchange rate adjustment, assets in foreign currency	36	23	
	Exchange adjustment of opening balances and other adjustments relating to subsidiaries	8	1	
	Comprehensive income	**428**	**305**	
	Nett profit for the year allocated as follows:			
	Shareholders in Coloplast A/S	407	276	
	Total	**407**	**276**	
	Comprehensive income allocated as follows:			
	Shareholders in Coloplast A/S	428	305	
	Total	**428**	**305**	
	Earnings per Share (EPS)	9.6	6.4	
	Earnings per Share (EPS), diluted	9.6	6.4	

Statement of financial position

At 31 December

Note		Group DKK million 31.12.10	31.12.09	30.09.10
	Assets			
	Acquired patents and trademarks	1,051	998	939
	Goodwill	785	639	670
	Software	125	120	123
	Prepayments and assets under development	25	44	35
	Intangible assets	**1,986**	**1,801**	**1,767**
	Land and buildings	1,182	1,235	1,194
	Plant and machinery	884	975	937
	Other fixtures and fittings, tools and equipment	179	193	176
	Prepayments and assets under construction	190	193	141
	Property, plant and equipment	**2,435**	**2,596**	**2,448**
	Investment in associates	2	2	2
	Other investments	4	4	4
	Deferred tax asset	181	145	178
	Other receivables	17	0	19
	Investments	**204**	**151**	**203**
	Non-current assets	**4,625**	**4,548**	**4,418**
	Inventories	**984**	**915**	**959**
	Trade receivables	1,867	1,569	1,696
	Income tax	24	46	23
	Other receivables	186	102	109
	Prepayments	79	86	90
	Receivables	**2,156**	**1,803**	**1,918**
	Marketable securities	**1**	**1**	**1**
	Cash and bank balances	**350**	**278**	**475**
	Current assets	**3,491**	**2,997**	**3,353**
	Assets	**8,116**	**7,545**	**7,771**

Statement of financial position

At 31 December

Note		Group DKK million		
		31.12.10	31.12.09	30.09.10
	Equity and liabilities			
	Share capital	225	225	225
	Hedge reserve	(44)	(20)	(21)
	Proposed dividend for the year	0	0	422
	Retained earnings and other reserves	3,341	2,674	2,826
	Equity before minority interests	**3,522**	**2,879**	**3,452**
	Minority interests	**0**	**0**	**0**
	Equity	**3,522**	**2,879**	**3,452**
	Provision for pensions and similar liabilities	82	75	80
	Provision for deferred tax	210	225	186
	Other provisions	7	27	11
	Mortgage debt	458	457	460
	Other credit institutions	1,564	1,555	1,091
	Other payables	351	420	359
	Deferred income	121	103	74
	Non-current liabilities	**2,793**	**2,862**	**2,261**
	Provision for pensions and similar liabilities	9	14	10
	Other provisions	20	8	18
	Mortgage debt	7	14	7
	Other credit institutions	200	250	165
	Trade payables	369	366	455
	Income tax	182	169	490
	Other payables	1,009	979	882
	Deferred income	5	4	31
	Current liabilities	**1,801**	**1,804**	**2,058**
	Current and non-current liabilities	**4,594**	**4,666**	**4,319**
	Equity and liabilities	**8,116**	**7,545**	**7,771**

7 Contingent items

8 Acquired operations

Statement of changes in equity

Group	Share capital					
			Hedging	Proposed	Retained	Total
DKK million	A shares	B shares	reserve	dividend	earnings	equity
2009/10						
Balance at 1.10 as reported in annual report	18	207	(49)	300	2,374	2,850
Comprehensive income for the period			5		300	305
Treasury shares sold					18	18
Share-based payments					6	6
Dividend paid out in respect of 2008/09				(300)		(300)
Balance at 31.12	**18**	**207**	**(44)**	**0**	**2,698**	**2,879**
2010/11						
Balance at 1.10 as reported in annual report	18	207	(21)	422	2,826	3,452
Comprehensive income for the period			(23)		451	428
Treasury shares purchased and realised gain/loss from exercise options					0	0
Treasury shares sold					60	60
Share-based payments					4	4
Dividend paid out in respect of 2009/10				(422)		(422)
Balance at 31.12	**18**	**207**	**(44)**	**0**	**3,341**	**3,522**

Statement of cash flows

1 October - 31 December

Note		Group DKK million 2010/11 3 mth	Group DKK million 2009/10 3 mth
	Operating profit	613	454
	Depreciation and amortisation	134	138
4	Adjustment for other non-cash operating items	(1)	1
5	Changes in working capital	(257)	(113)
	Ingoing interest payments, etc.	3	6
	Outgoing interest payments, etc.	(41)	(60)
	Income tax paid	(457)	(190)
	Cash flow from operating activities	**(6)**	**236**
	Investments in intangible assets	(4)	(10)
	Investments in land and buildings	(1)	0
	Investments in plant and machinery	(6)	(5)
	Investments in non-current assets under constructions	(60)	(48)
	Property, plant and equipment sold	4	4
	Purchase of other investments	(160)	(3)
	Cash flow from investing activities	**(227)**	**(62)**
	Free cash flow	**(233)**	**174**
	Dividend to shareholders	(422)	(300)
	Net investment in treasury shares	60	18
	Financing from shareholders	**(362)**	**(282)**
	Financing through long-term borrowing, debt funding	438	82
	Financing through long-term borrowing, instalments	0	(356)
	Cash flow from financing activities	**76**	**(556)**
	Net cash flow for the period	**(157)**	**(382)**
	Cash, cash equivalents and short term debt at 1.10.	304	397
	Value adjustments of cash and balances	(3)	0
	Net cash flow for the period	(157)	(382)
6	**Cash, cash equivalents and short term debt at 31.12**	**144**	**15**

The cash flow statement cannot be extracted directly from the financial statements.

Notes

1. Segment information

Group, 2010/11

Operating segments

The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered to be the supreme operational body. Reporting to management is based on two global operating segments: Sales Regions and Production Units as well as six minor operating segments: Wound Care, Disposable Surgical Urology (DSU), Surgical Urology (SU), Global Marketing, Global R&D and Corporate Staff Functions. This breakdown also reflects our global organisational structure.

The Sales Regions and Production Units operating segments comprise sales and/or production of all Coloplast products in each of our business areas, Ostomy Care, Urology & Continence Care and Wound & Skin Care. Inter-segment trading consists of Sales Regions procuring goods from Production Units. Inter-segment trading is conducted on an arm's length basis.

The Wound Care operating segment exclusively covers the sale of wound care products in selected European markets in which the Wound Care segment operates independently of the rest of the business. Accordingly, the segmentation reflects the structure of reporting to the Executive Management. In other markets, the sale of wound care products are managed through the Wound and Skin Care business area. DSU covers the production and sale of disposable urology products, while SU covers the sale of urology products.

The Wound Care, DSU, SU, Global Marketing, Global R&D and Corporate Staff Functions operating segments are not reportable segments, but form part of the Shared/Non-allocated segment, each accounting for less than 10% of total segment revenue, segment profit and segment assets. Financial items and income tax are not allocated to operating segments.

Management reviews each operating segment separately based on EBIT and also allocates resources on that background. The performance targets are calculated the same way as in the consolidated financial statements.

Costs are allocated directly to each segment. Certain indirect costs are allocated systematically to the Shared/Non-allocated segment and the Sales Regions and Production Units reporting segments.

Management does not receive separate reporting on asset and liabilities by the Sales Regions and Production Units reporting segment. Accordingly, the reporting segments are not measured in this respect, nor do we allocate resources on this background. No single customer accounts for more than 10% of revenue.

Operating segments

	Sales Regions		Production units		Shared/ Not allocated		Total	
DKK million	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
External revenue	2,149	1,944	32	27	360	325	2,541	2,296
Operating profit (EBIT) by segment	158	72	945	785	(490)	(403)	613	454
Financial items	0	0	0	0	(63)	(76)	(63)	(76)

Notes

	Group DKK million 2010/11	2009/10
2. Financial income		
Interest income	3	4
Exchange rate adjustments	10	0
Other financial income and fees	0	1
Total	**13**	**5**
3. Financial expenses		
Interest expense	28	40
Fair value adjustments, share options	28	22
Fair value adjustments on forward contracts transferred from equity	17	5
Exchange rate adjustments	0	3
Other financial expenses and fees	3	11
Total	**76**	**81**
4. Adjustment for other non-cash operating items		
Net gain/loss on non-current assets	0	1
Change in other provisions	(1)	0
Total	**(1)**	**1**
5. Changes in working capital		
Inventories	(2)	79
Trade receivables	(149)	(28)
Other receivables	(60)	(42)
Trade and other payables etc.	(46)	(122)
Total	**(257)**	**(113)**

Notes

	Group	
	DKK million	
	2010/11	2009/10
6. Cash, cash equivalents and short term debt		
Marketable securities	1	1
Cash	0	1
Bank balances	350	277
Liquid resources	351	279
Short-term debt	(207)	(264)
Total	**144**	**15**

7. Contingent items

Contingent liabilities

The Coloplast Group is a party to a number of minor legal proceedings, which are not expected to influence the Group's future earnings.

8. Acquired operations

At 29 October 2010, Coloplast signed an agreement to acquire 100% of the shares and voting rights of Mpathy Medical Devices Limited (UK) and Gyne Ideas Limited (UK). Mpathy Medical Devices Limited develops products within the Urology business area which are sold in the US market, whilst Gyne Ideas Limited owns intellectual property rights within the Urology business area. The acquisition is expected to provide Coloplast with a broader geographical coverage of the US market and access to new products that will strengthen our existing product portfolio.

The companies contribute revenue of DKK 6m to consolidated comprehensive income for the period. Pro forma revenue for 2010/11, as if the companies had been taken over at 1 October 2010, amounts to DKK 9m. The companies have been fully integrated in the existing Urology business area of the Coloplast group as from the date of acquisition. Accordingly, it is not practicable to calculate financial results for the period or proforma financial results for the full financial year.

	Group
	DKK million
	2010/11

8. Acquired operations (continued)

	Fair value as per the date of acquisition. DKK million
Intangible assets	117
Property, plant and equipment	0
Inventories	2
Receivables	3
Other current assets	1
Cash and bank balances	1
Credit institutions	-4
Deferred tax	-34
Trade payables	-2
Other payables	-2
Acquired net assets	**82**
Goodwill	98
Total purchase price for the company	**180**
Of which net interest-bearing debt	3
Deferred earn out element	-23
Cash payment	**160**

Coloplast incurred transaction costs relating to the acquisition of approximately DKK 5m, recognised in the statement of comprehensive income for the 2009/10 financial year. No additional amounts have been recognised for the 2010/11 financial year.

The agreed consideration for the shares amounts to USD 30m, which falls due for payment on the date of acquisition. In addition, Coloplast has undertaken to pay an additional contingent remuneration of up to USD 5m (NPV of USD 4m). The amount of the contingent consideration is based on revenue generated by the acquired companies during a period of 24 months following the acquisition. As per the date of acquisition, it is considered likely that the contingent remuneration will become payable in full.

After recognition at fair value of identifiable assets and liabilities, goodwill related to the acquisition amounts to USD 18m. Goodwill expresses the expected synergies from the broader geographical coverage of the US market, through which Coloplast will gain access to new markets for its existing products. Recognised goodwill is not tax deductible.

Income statement, quarterly

		Group				
DKK million						
			2009/10			2010/11
Note		Q1	Q2	Q3	Q4	Q1
1	Revenue	2,296	2,272	2,452	2,517	2,541
	Cost of sales	(942)	(847)	(968)	(936)	(929)
	Gross profit	**1,354**	**1,425**	**1,484**	**1,581**	**1,612**
	Distribution, sales and marketing costs	(670)	(677)	(708)	(762)	(760)
	Administrative expenses	(138)	(146)	(152)	(121)	(136)
	Research and development costs	(92)	(108)	(105)	(104)	(112)
	Other operating income	14	9	20	4	10
	Other operating expenses	(14)	(1)	(8)	(7)	(1)
	Operating profit before special items	**454**	**502**	**531**	**591**	**613**
	Special items	0	(51)	(11)	(21)	0
1	**Operating profit (EBIT)**	**454**	**451**	**520**	**570**	**613**
2	Financial income	5	5	0	8	13
3	Financial expenses	(81)	(97)	(75)	(86)	(76)
	Profit before tax	**378**	**359**	**445**	**492**	**550**
	Tax on profit for the period	(102)	(97)	(108)	(124)	(143)
	Profit for the period	**276**	**262**	**337**	**368**	**407**
	Shareholders in Coloplast A/S	276	262	337	368	407
	Profit for the period	**276**	**262**	**337**	**368**	**407**
	Earnings per Share (EPS)	6.4	6.1	7.9	8.7	9.6
	Earnings per Share (EPS), diluted	6.4	6.1	7.9	8.6	9.6

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This announcement is available in Danish and an English-language version.
In the event of discrepancies, the Danish version shall prevail.

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare.

Our business includes Ostomy Care, Urology and Continence Care and Wound and Skin Care. We operate globally and employ more than 7,000 people.