Announcement no. 04/2011
4 May 2011

Interim financial report, H1 2010/11

(1 October 2010 - 31 March 2011)

Highlights

- Organic revenue growth was 6%. Revenue in DKK was up by 10% to DKK 5,004m.
- Organic growth rates by business area: Ostomy Care 7%, Urology & Continence Care 7%. In Wound & Skin Care, sales fell by 2%.
- Gross profit was up by 15% to DKK 3,189m, equal to a gross margin of 64% (H1 2009/10: 61%). Changes in exchange rates lifted the gross margin by about 0.5 of a percentage point.
- EBIT was up by 31% to DKK 1,188m. The EBIT margin was 24% against 20% in H1 2009/10. At constant exchange rates, the EBIT margin was 23%.
- The free cash flow was DKK 179m against DKK 469m in the same period of last year.
- ROIC after tax was 26%, compared with 20% in H1 2009/10.
- The second half of the share buy-back programme was launched in February 2011, and buy-backs during the period to 31 March 2011 amounted to DKK 211m.

Financial guidance for 2010/11

- Organic revenue growth narrowed to now about 6% (previously 6–8%). Revenue growth in DKK is now expected to be about 6% (previously 8-10%).
- We expect an EBIT margin of 24–25% (previously 23–25%), both at constant exchange rates and in DKK.
- Capital expenditure is expected to be about DKK 300m (previously DKK 300–400m).
- The effective tax rate forecast is unchanged at about 26%.

Conference call
Coloplast will host a conference call on 4 May 2011 at 19.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4611, +44 (0)20 7162 0177 or +1 334 323 6203. 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 March

	Group		Change	Group		Change
	DKK million			DKK million		
	2010/11	2009/10		2010/11	2009/10	
	6 mth	6 mth		Q2	Q2	
Income statement						
Revenue	5,004	4,568	10%	2,463	2,272	8%
Research and development costs	(223)	(200)	12%	(111)	(108)	3%
Operating profit bef. interest, tax, depreciation & amortisation (EBITDA)	1,452	1,182	23%	705	590	19%
Operating profit before special items	1,188	956	24%	575	502	15%
Operating profit (EBIT)	1,188	905	31%	575	451	27%
Net financial income and expenses	(103)	(168)	(39%)	(40)	(92)	(57%)
Profit before tax	1,085	737	47%	535	359	49%
Coloplast's share of profit for the period	803	538	49%	396	262	51%
Revenue growth						
Annual growth in revenue, %	10	6		8	7	
Growth break down:						
Organic growth, %	6	7		6	7	
Currency effect, %	4	(1)		2	0	
Balance sheet						
Total assets	8,228	7,620	8%	8,228	7,620	8%
Invested capital	6,994	6,683	5%	6,994	6,683	5%
Net interest-bearing debt	1,924	2,307	(17%)	1,924	2,307	(17%)
Equity at year-end, Coloplast´s share	3,774	3,080	23%	3,774	3,080	23%
Cash flow and investments						
Cash flow from operating activities	455	597	(24%)	461	361	28%
Cash flow from investing activities	(276)	(128)	>100%	(49)	(66)	(26%)
Investments in property, plant and equipment, gross	(125)	(103)	21%	(58)	(50)	16%
Free cash flow	179	469	(62%)	412	295	40%
Cash flow from financing activities	(96)	(955)	(90%)	(172)	(399)	(57%)
Key figures ratios						
Operating margin, EBIT, %	24	20		23	20	
Operating margin, EBITDA, %	29	26		29	26	
Return on average invested capital before tax (ROIC), %	35	28		33	27	
Return on average invested capital after tax (ROIC), %	26	20		24	20	
Return on equity, %	44	36		43	35	
Ratio of net debt to EBITDA	0.7	1.0		0.7	1.0	
Interest cover	28	20		27	27	
Equity ratio, %	46	40		46	40	
Rate of debt to enterprise value, %	5	8		5	8	
Net asset value per share, DKK	84	68	24%	84	68	24%
Per share data						
Share price, DKK	762	607	26%	762	607	26%
Share price/net asset value per share	9.0	8.9	1%	9.0	8.9	1%
Average number of outstanding shares, millions	42.1	42.8	(2%)	42.1	42.8	(2%)
PE, price/earnings ratio	20.0	25.4	(21%)	20.3	26.1	(22%)
Earnings per share (EPS), diluted	18.7	12.5	49%	9.2	6.1	51%
Free cash flow per share	4.3	11.0	(61%)	9.9	6.9	44%

Management's review

Sales performance

Revenue in DKK was up by 10% to DKK 5,004m. The organic growth rate was 6%.

Sales performance by business area

	DKK million		Growth composition				DKK million	Organic growth
	2010/11 6 mth	2009/10 6 mth	Organic growth	Acquired operations	Exchange rates	Reported growth	2010/11 Q2	Q2
Ostomy	2,092	1,883	7%		4%	11%	1,035	8%
Urology and Continence	2,163	1,942	7%	1%	3%	11%	1,049	6%
Wound & Skin Care	749	743	(2%)		3%	1%	379	(2%)
Net revenue	**5,004**	**4,568**	**6%**	**0%**	**4%**	**10%**	**2,463**	**6%**

Ostomy Care
Sales of ostomy care products amounted to DKK 2,092m, an increase of 11%. Organic growth was 7%. Q2 organic growth was 8%. Emerging markets, especially Argentina, but also Brazil, China and Russia, continued to drive growth during the quarter. Sales in the UK were also very satisfactory and Germany recovered as expected following the performance of the previous quarter. The sales performance in the USA was not satisfactory. The SenSura® product portfolio continued to drive growth in Europe, whereas growth outside Europe was generated by the Assura® product portfolio.
The SenSura® Mio was launched in the Netherlands, Denmark, Finland and Switzerland on 1 April and in the UK on 1 May. The SenSura® Mio is a colostomy appliance designed with a unique, elastic adhesive formulated to provide a secure fit to individual body contours.

Urology & Continence Care
Our Urology & Continence Care revenue improved by 11% to DKK 2,163m on 7% organic growth. The Q2 organic growth rate was 6%, 3 percentage points less than in Q1. The slower growth rate was due especially to weaker growth in intermittent catheters in the European and North American markets and to a non-recurring order in Asia in the first quarter. Growth rates in the USA continued to decline, as the impact of the changes to the reimbursement for catheters have almost taken full effect. The weaker growth rate in Europe was due to timing differences between sales in the first and second quarters. Sales of Conveen® uridomes and Conveen® urine bags and the Peristeen® anal irrigation system continued to grow at very satisfactory rates. The growth performance in the urology business was impacted by lower sales of slings for women, while sales of penile implants and Restorelle® for treatment of pelvic organ prolapse were satisfactory. We expect to receive FDA approval for the Altis® mini-sling in the USA by the end of the current calendar year.
The SpeediCath® Compact Male was very well received by the market and was launched in 11 markets during the second quarter, including in Germany, France and the UK.

Wound & Skin Care
Sales of wound and skin care products amounted to DKK 749m, a 1% increase. In local currencies, sales fell by 2% compared with H1 2009/10. The adverse impact of the shift in Spain from advanced foam dressings to less expensive traditional wound care products, pressure on government budgets in Greece and the pricing reform implemented in France all had a impact on sales growth in Europe. Sales in China continued to improve. Due to tough price competition, especially in the European markets, sales growth in the wound care business will remain under pressure.
On 1 April, we launched a thinner version of the existing Biatain® Silicone product under the name of Biatain® Silicone Lite.

Sales performance by region

	DKK million		Growth composition				DKK million	Organic growth
	2010/11 6 mth	2009/10 6 mth	Organic growth	Acquired operations	Exchange rates	Reported growth	2010/11 Q2	Q2
Europe	3,670	3,481	4%		1%	5%	1,807	4%
Americas	860	719	11%	2%	7%	20%	425	10%
Rest of the world	474	368	16%		13%	29%	231	15%
Net revenue	**5,004**	**4,568**	**6%**	**0%**	**4%**	**10%**	**2,463**	**6%**

Europe
Revenue amounted to DKK 3,670m, which translated into reported growth of 5%. The organic growth rate was 4%, which was in line with the Q1 figure. Slowing sales growth in Ostomy Care and Continence Care during the second quarter, especially in Spain and the Netherlands, was partly offset by the improvements in the UK. Falling sales in the wound care business continued to have a negative impact on revenue growth.

The Americas
Revenue in the Americas rose by 20% to 860m. Developments in the Brazilian real as well as the US and Canadian dollars lifted revenue growth by seven percentage points. As the Mpathy acquisition contributed two percentage points, organic growth was 11%. Organic growth in the second quarter was 10%, as slowing growth rates in the USA were partly offset by higher growth rates in Argentina and Brazil.

Rest of the World
Revenue in the Rest of the World was up by 29% to 474m. The appreciation of the AUD and JPY in particular relative to DKK lifted the reported growth by 13%. Organic growth for the first half-year was 16% with especially China and Japan making positive contributions.

Gross profit

Gross profit was up by 15% to DKK 3,189m against DKK 2,779m in H1 of last year.

The gross margin was 64%, against 61% in H1 2009/10. The Q2 gross margin was also 64%. Enhanced production efficiency and lower salary costs resulting from the relocation of production to Hungary and China continued to drive the improvements. Changes in exchange rates lifted the gross margin by about 0.5 of a percentage point. In H1 2010/11, we reduced the number of job positions in Denmark by 83 due to the relocation of production from Denmark to Hungary and China. The relocation process was completed by the end of March 2011. The gross margin for the first half-year includes costs of DKK 25m related to the termination of employees in Global Operations.

Capacity costs

Distribution costs amounted to DKK 1,508m, equal to 30% of revenue, which was 1 percentage point more than in H1 2009/10 and in line with the Q1 2010/11 figure. Costs increased during the reporting period due to investments in the Wound Care sales force and in the Chinese market.

Administrative expenses amounted to DKK 285m, which was in line with the H1 2009/10 figure, equal to 6% of revenue. Administrative expenses of the quarter were adversely affected by non-recurring costs of almost DKK 10m related to the relocation of accounting functions from the European subsidiaries to the shared services centre in Poland.

R&D costs were DKK 223m and accounted for 4% of revenue, which was in line with the H1 total of last year.

Other operating income and other operating expenses amounted to a net income of DKK 15m against DKK 8m in H1 2009/10.

Operating profit (EBIT)

EBIT was up by 31% to DKK 1,188m against DKK 905m in H1 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 103m against DKK 168m in H1 2009/10.

Financial items

	DKK million		DKK million	
	2010/11	*2009/10*	*2010/11*	*2009/10*
	6 mth	*6 mth*	*Q2*	*Q2*
Interest, net	(51)	(58)	(26)	(22)
Fair value adjustment of options	(30)	(72)	(2)	(50)
Exchange rate adjustments	(13)	(16)	(6)	(8)
Other financial items	(9)	(22)	(6)	(12)
Total financial items	**(103)**	**(168)**	**(40)**	**(92)**

The effective tax rate was 26%, against 27% in H1 2009/10, for a tax expense of DKK 282m, as compared with DKK 199m in H1 2009/10.

Net profit for the period

The net profit for the reporting period was up by 49% to DKK 803m, while earnings per share also improved by 49% to DKK 18.7 compared to H1 2009/10.

Cash flows and investments

Cash flow from operating activities
The cash flow from operating activities fell by 24% to DKK 455m from DKK 597m in H1 2009/10. The fall was due to a DKK 355m increase in income tax paid, deriving mainly from Denmark. The higher tax payments were due to an increase in earnings as well as timing differences in tax payments. The effect of the increase in earnings was partly offset by the greater working capital tie-up.

Investments
Coloplast made gross investments of DKK 295m in H1 2010/11 compared with DKK 132m in H1 2009/10. The increase was due to the DKK 160m acquisition of Mpathy. Investments accounted for 6% of revenue against 3% last year. Gross investments in property, plant and equipment amounted to DKK 125m, equal to 3% of revenue.

Free cash flow
The free cash flow amounted to DKK 179m against DKK 469m in the same period of last year. The negative change was due to the fact that the increased earnings were more than offset by the payment of income tax, the increased working capital tie-up and the Mpathy acquisition.

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

Statement of financial position and equity

Balance sheet
At DKK 8,228m, total assets increased by DKK 457m relative to 30 September 2010. Intangible assets amounted to DKK 1,860m, which was DKK 93m higher than at 30 September 2010, the increase being due to the Mpathy acquisition.

Current assets increased by DKK 422m relative to 30 September 2010 to stand at DKK 3,775m.

Trade receivables were up by 10% to DKK 1,861m, mainly due to longer payment terms in southern Europe and an increase in sales.

Trade payables amounted to DKK 428m, against DKK 455m at 30 September 2010.

Working capital made up 25% of revenue, as compared with 23% at 30 September 2010.

Equity
Equity increased by DKK 322m relative to 30 September 2010 to stand at DKK 3,774m. Dividend payments of DKK 422m and share buy-backs of DKK 211m were offset by the comprehensive income for the period of DKK 844m. Employees' exercise of share options and the sale of employee shares totalling DKK 99m contributed to lifting equity.

Net interest-bearing debt and capital structure
Net interest-bearing debt increased by DKK 331m relative to 30 September 2010 to stand at DKK 1,924m. The ratio of net interest-bearing debt to EBITDA was 0.7. Approximately 50% of our total debt carries a fixed rate, as compared with 85% at 30 September 2010, and no significant loans are due for refinancing until 2013.

Coloplast raised a loan of DKK 440m with the European Investment Bank during the first half of the 2010/11 financial year. The loan matures in 2017. In addition, the company invested DKK 180m in mortgage bonds.

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. Buy-backs under the rest of the programme, for DKK 500m, began in February. Coloplast bought back shares for DKK 211m during the period to the end of March.

Treasury shares
At 31 March 2011, Coloplast's holding of treasury shares consisted of 2,912,599 B shares with a nominal value of DKK 5 each, equal to 6.48% of the Coloplast share capital.

Financial guidance

- Organic revenue growth narrowed to now about 6% (previously 6–8%). Revenue growth in DKK is now expected to be about 6% (previously 8-10%).
- We expect an EBIT margin of 24–25% (previously 23–25%), both at constant exchange rates and in DKK.
- Capital expenditure is expected to be about DKK 300m (previously DKK 300–400m).
- The effective tax rate forecast is unchanged at about 26%.

We are revising the guidance for organic growth in the 2010/11 financial year for the reasons set out below.

We continue to expect increased revenue growth in the wound care business, but the effects of the changes implemented in the business are not materialising as swiftly as previously assumed. In addition, growth rates in the US business have fallen short of expectations, which have also led to management changes.

We have narrowed our earnings guidance to the upper end of the previous forecast range of 23–25% despite the changes to the sales guidance, because we expect efficiency improvements and relocation gains in Hungary and China to absorb the effects of the drop in sales.

Still included in our financial guidance is a negative contribution of DKK 50m from portfolio adjustments (SKU cutbacks).

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 28 April 2011	838	503	2,83	746
Estimated average exchange rate 2010/2011	854	525	2,78	746
Change in estimated average exchange rates compared with last year**	0%	-5%	2%	0%

*) average exchange rates 2009/10 are used when calculating the organic revenue growth rates and the EBIT margin in fixed exchange rates for full year 2010/11.

**) Estimated average exchange rate is calculated as the average exchange rate year to date combined with 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.

[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.

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

Organisational changes in Sales and Marketing

The following changes were implemented in our Sales and Marketing organisation effective from April 2011. Claus Bjerre, SVP Emerging Markets, assumed responsibility for the chronic care business in the USA. As a result Bjørn Christ (SVP RoW) and Kimberly Herman (country manager USA) have both left Coloplast. Kristian Villumsen, SVP Global Marketing, took over responsibility for the EU 11 Region, which consists of the European sales subsidiaries other than France, Germany and the UK. Nicolas Nemery, VP Continence Care Marketing, took over responsibility for Global Marketing and was promoted to SVP.

Organisational changes in Urology

The global urology market represents significant growth potential for Coloplast. The Disposable Surgical Urology (Porgès) and Surgical Urology (SU) businesses have both been developing successfully over the last couple of years and it has been decided to gather both businesses under one leadership. Going forward, the Porgès organisation in Europe and the Surgical Urology organisation in the US will both be reporting to Senior Vice President for Coloplast Urology Care, Steffen Hovard.

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.
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.
For more information, please visit our corporate website.

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 March 2011. The interim report, which is unaudited and not reviewed, 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 March 2011 and of the results of the Group’s operations and cash flows for the period 1 October 2010 – 31 March 2011.

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, 4 May 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 March

(Unaudited)

Note		Group DKK million 2010/11 6 mth	Group DKK million 2009/10 6 mth	Index	Group DKK million 2010/11 Q2	Group DKK million 2009/10 Q2	Index
1	Revenue	5,004	4,568	110	2,463	2,272	108
	Cost of sales	(1,815)	(1,789)	101	(886)	(847)	105
	Gross profit	**3,189**	**2,779**	**115**	**1,577**	**1,425**	**111**
	Distribution costs	(1,508)	(1,347)	112	(748)	(677)	110
	Administrative expenses	(285)	(284)	100	(149)	(146)	102
	Research and development costs	(223)	(200)	112	(111)	(108)	103
	Other operating income	20	23	87	10	9	111
	Other operating expenses	(5)	(15)	33	(4)	(1)	400
	Operating profit before special items	**1,188**	**956**	**124**	**575**	**502**	**115**
	Special items	0	(51)	**0**	0	(51)	**0**
1	**Operating profit (EBIT)**	**1,188**	**905**	**131**	**575**	**451**	**127**
2	Financial income	16	10	160	3	5	60
3	Financial expenses	(119)	(178)	67	(43)	(97)	44
	Profit before tax	**1,085**	**737**	**147**	**535**	**359**	**149**
	Tax on profit for the period	(282)	(199)	142	(139)	(97)	143
	Net profit for the period	**803**	**538**	**149**	**396**	**262**	**151**
	Other comprehensive income						
	Value adjustment for the year	51	(34)		99	(36)	
	Transferred to financial items	22	19		5	14	
	Tax effect of hedging	(18)	4		(26)	6	
	Exchange rate adjustment, assets in foreign currency	(39)	99		(75)	76	
	Exchange adjustment of opening balances and other adjustments relating to subsidiaries	25	41		17	40	
	Comprehensive income	**844**	**667**		**416**	**362**	
	Net profit for the year allocated as follows:						
	Shareholders in Coloplast A/S	803	538		396	262	
	Total	**803**	**538**		**396**	**262**	
	Comprehensive income allocated as follows:						
	Shareholders in Coloplast A/S	844	667		416	362	
	Total	**844**	**667**		**416**	**362**	
	Earnings per Share (EPS)	19.0	12.5		9.4	6.1	
	Earnings per Share (EPS), diluted	18.7	12.5		9.2	6.1	

Statement of financial position

At 31 March

Note		Group DKK million		
		31.03.11	31.03.10	30.09.10
	Assets			
	Acquired patents and trademarks	973	1,015	939
	Goodwill	746	674	670
	Software	112	146	123
	Prepayments and assets under development	29	23	35
	Intangible assets	**1,860**	**1,858**	**1,767**
	Land and buildings	1,149	1,248	1,194
	Plant and machinery	894	979	937
	Other fixtures and fittings, tools and equipment	162	203	176
	Prepayments and assets under construction	187	171	141
	Property, plant and equipment	**2,392**	**2,601**	**2,448**
	Investment in associates	2	2	2
	Other investments	4	4	4
	Deferred tax asset	180	148	178
	Other receivables	15	0	19
	Investments	**201**	**154**	**203**
	Non-current assets	**4,453**	**4,613**	**4,418**
	Inventories	**1,032**	**981**	**959**
	Trade receivables	1,861	1,592	1,696
	Income tax	23	26	23
	Other receivables	224	89	109
	Prepayments	74	81	90
	Receivables	**2,182**	**1,788**	**1,918**
	Marketable securities	**180**	**1**	**1**
	Cash and bank balances	**381**	**237**	**475**
	Current assets	**3,775**	**3,007**	**3,353**
	Assets	**8,228**	**7,620**	**7,771**

Statement of financial position

At 31 March

Note		Group DKK million 31.03.11	31.03.10	30.09.10
	Equity and liabilities			
	Share capital	225	225	225
	Hedge reserve	34	(60)	(21)
	Proposed dividend for the year	0	0	422
	Retained earnings and other reserves	3,515	2,915	2,826
	Equity	**3,774**	**3,080**	**3,452**
	Provision for pensions and similar liabilities	83	76	80
	Provision for deferred tax	220	225	186
	Other provisions	7	15	11
	Mortgage debt	456	456	460
	Other credit institutions	1,489	1,402	1,091
	Other payables	404	369	359
	Deferred income	125	99	74
	Non-current liabilities	**2,784**	**2,642**	**2,261**
	Provision for pensions and similar liabilities	8	13	10
	Other provisions	15	18	18
	Mortgage debt	7	14	7
	Other credit institutions	167	321	165
	Trade payables	428	344	455
	Income tax	221	211	490
	Other payables	822	973	882
	Deferred income	2	4	31
	Current liabilities	**1,670**	**1,898**	**2,058**
	Current and non-current liabilities	**4,454**	**4,540**	**4,319**
	Equity and liabilities	**8,228**	**7,620**	**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			(11)		678	667
Treasury shares purchased					(179)	(179)
Treasury shares sold					27	27
Share-based payments					15	15
Dividend paid out in respect of 2008/09				(300)		(300)
Balance at 31.03	**18**	**207**	**(60)**	**0**	**2,915**	**3,080**
2010/11						
Balance at 1.10 as reported in annual report	18	207	(21)	422	2,826	3,452
Comprehensive income for the period			55		789	844
Treasury shares purchased					(211)	(211)
Treasury shares sold					99	99
Share-based payments					12	12
Dividend paid out in respect of 2009/10				(422)		(422)
Balance at 31.03	**18**	**207**	**34**	**0**	**3,515**	**3,774**

Statement of cash flows

1 October - 31 March

Note		Group DKK million 2010/11 6 mth	Group DKK million 2009/10 6 mth
	Operating profit	1,188	905
	Depreciation and amortisation	264	277
4	Adjustment for other non-cash operating items	(5)	0
5	Changes in working capital	(360)	(237)
	Ingoing interest payments, etc.	7	12
	Outgoing interest payments, etc.	(66)	(142)
	Income tax paid	(573)	(218)
	Cash flow from operating activities	**455**	**597**
	Investments in intangible assets	(10)	(29)
	Investments in land and buildings	(2)	(4)
	Investments in plant and machinery	(17)	(12)
	Investments in non-current assets under constructions	(106)	(87)
	Property, plant and equipment sold	19	7
	Purchase of other investments	0	(3)
	Acquired operations	(160)	0
	Cash flow from investing activities	**(276)**	**(128)**
	Free cash flow	**179**	**469**
	Dividend to shareholders	(422)	(300)
	Net investment in treasury shares	(112)	(152)
	Financing from shareholders	**(534)**	**(452)**
	Financing through long-term borrowing, debt funding	440	0
	Financing through long-term borrowing, instalments	(2)	(503)
	Cash flow from financing activities	**(96)**	**(955)**
	Net cash flow for the period	**83**	**(486)**
	Cash, cash equivalents and short term debt at 1.10.	304	397
	Value adjustments of cash and balances	0	(8)
	Net cash flow for the period	83	(486)
6	**Cash, cash equivalents and short term debt at 31.03**	**387**	**(97)**

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 Chief Operation Decision Maker. 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 and 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. Wound Care, DSU and SU are included in the reporting segment Sales Regions while the other segments are included in Shared/not allocated. 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 reporting segments Sales Regions and Production Units and Shared/Non-allocated .

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 resources allocates 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	4,913	4,484	91	84	0	0	5,004	4,568
Operating profit (EBIT) by segment	163	237	1,858	1,597	(833)	(929)	1,188	905
Financial items	0	0	0	0	(103)	(168)	(103)	(168)

Notes

	Group DKK million 2010/11	2009/10
2. Financial income		
Interest income	6	7
Exchange rate adjustments	9	3
Other financial income and fees	1	0
Total	**16**	**10**
3. Financial expenses		
Interest expense	57	65
Fair value adjustments, share options	30	72
Fair value adjustments on forward contracts transferred from equity	22	19
Other financial expenses and fees	10	22
Total	**119**	**178**
4. Adjustment for other non-cash operating items		
Net gain/loss on non-current assets	0	2
Change in other provisions	(5)	(2)
Total	**(5)**	**0**
5. Changes in working capital		
Inventories	(70)	42
Trade receivables	(160)	(22)
Other receivables	(95)	14
Trade and other payables etc.	(35)	(271)
Total	**(360)**	**(237)**
6. Cash, cash equivalents and short term debt		
Marketable securities	180	1
Cash	1	1
Bank balances	380	236
Liquid resources	561	238
Short-term debt	(174)	(335)
Total	**387**	**(97)**

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.

Notes

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 14m 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 17m. 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.

	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	Q2
1	Revenue	2,296	2,272	2,452	2,517	2,541	2,463
	Cost of sales	(942)	(847)	(968)	(936)	(929)	(886)
	Gross profit	**1,354**	**1,425**	**1,484**	**1,581**	**1,612**	**1,577**
	Distribution, sales and marketing costs	(670)	(677)	(708)	(762)	(760)	(748)
	Administrative expenses	(138)	(146)	(152)	(121)	(136)	(149)
	Research and development costs	(92)	(108)	(105)	(104)	(112)	(111)
	Other operating income	14	9	20	4	10	10
	Other operating expenses	(14)	(1)	(8)	(7)	(1)	(4)
	Operating profit before special items	**454**	**502**	**531**	**591**	**613**	**575**
	Special items	0	(51)	(11)	(21)	0	0
1	**Operating profit (EBIT)**	**454**	**451**	**520**	**570**	**613**	**575**
2	Financial income	5	5	0	8	13	3
3	Financial expenses	(81)	(97)	(75)	(86)	(76)	(43)
	Profit before tax	**378**	**359**	**445**	**492**	**550**	**535**
	Tax on profit for the period	(102)	(97)	(108)	(124)	(143)	(139)
	Profit for the period	**276**	**262**	**337**	**368**	**407**	**397**
	Shareholders in Coloplast A/S	276	262	337	368	407	395
	Profit for the period	**276**	**262**	**337**	**368**	**407**	**396**
	Earnings per Share (EPS)	6.4	6.1	7.9	8.7	9.6	9.4
	Earnings per Share (EPS), diluted	6.4	6.1	7.9	8.6	9.5	9.2

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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.