Annual Report 2005/06

Coloplast

5 YEARS' KEY FIGURES AND RATIOS

mDKK	2001/02*)	2002/03*)	2003/04*)	2004/05	2005/06
Income statement					
Revenue	5,567	5,610	6,069	6,232	7,227
Research and development costs	173	168	202	215	263
Operating profit before amortisation and depreciation (EBITDA)	1,157	1,195	1,295	1,348	1,392
Operating profit (EBIT)	875	909	988	1,000	955
Net financial income and expenses	-60	-21	-89	-163	-229
Profit before tax	1,232	889	899	837	726
Coloplast's share of profit for the year	768	567	577	553	614
Revenue growth					
Annual growth in revenue, %	38	1	8	8	16
Increase consists of:					
Organic growth, %	14	11	10	8	8
Currency effect, %	-2	-5	-2	0	1
Acquired business, %	26	0	0	0	7
Divested business, %	0	-5	0	0	0
Balance sheet					
Total assets	4,489	5,371	5,643	5,915	7,982
Invested capital	5,051	5,499	5,838	5,386	7,996
Net interest-bearing debt	1,471	1,473	1,465	867	3,069
Equity at year-end, Coloplast share	1,562	2,002	2,357	2,512	2,804
Cash flow and investments					
Cash flow from operating activities	913	911	845	1,353	991
Cash flow from investing activities	-878	-783	-621	-434	-3,018
Acquisition of tangible assets, gross	449	578	544	399	415
Cash flow from financing activities	1,051	307	-239	-446	782
Free cash flow	35	128	224	919	-2,027
Key figures					
Average number of employees, full time equivalents	4,859	5,774	6,085	6,159	6,288
Operating margin, EBIT, %	16	16	16	16	13
Return on average invested capital (ROAIC), %	18	17	17	18	15
**) Economic profit	228	213	221	279	349
Return on equity, %	62	32	27	23	23
Ratio of net debt to EBITDA	1.27	1.23	1.13	0.64	2.20
Interest cover	14	17	13	11	10
Equity ratio, %	35	37	42	42	35
Rate of debt to enterprise value, %	10	10	10	5	12
Net asset value per share	33	42	49	52	58
Share data					
Share price at year-end	265	266	291	378	473
Share price/Net asset value per share	8	6	6	7	8
PE, price/earnings ratio	17	23	24	33	37
***) Dividend per share, DKK	2.18	2.50	3.00	3.50	4.00
****) Pay-out ratio	13	21	24	29	31
Earnings per share (EPS)	16	12	12	12	11
Free cash flow per share	1	3	5	19	-42

*) Comparison figures for recognition of Share option costs and divestment of Sterling Medical Services LLC are not adjusted.
**) The weighed cost of capital (WACC), is changed from 2004/05 and now Market Risk Premium is calculated on a shorter period of time than prior. Comparison figures are changed accordingly.
***) For 2005/06 the figure is the proposed dividend
****) The 2005/06 pay-out ratio is not adjusted for dividends on holdings of own shares.

The key figures have been calculated and applied in accordance with "Recommendations and Key Figures 2005" issued by the Danish Society of Financial Analysts.

Coloplast's annual report for 2005/06 is also available online at www.coloplast.com.

A STRONGER BUSINESS

Letter from the Chairman and the CEO. See page 4.

NEW PRODUCTS

Launching new products faster in multiple markets simultaneously. See page 12.

UROLOGY

Coloplast has acquired US-based Mentor Corporation's urology business. See page 16.

RARELY DISCUSSED ISSUES IN WOMEN'S HEALTHCARE. "Loss of bladder control, urinary incontinence and pelvic organ prolapses are common but rarely discussed issues in women's healthcare. Therefore, increased learning about the causes, prevention, diagnosis and treatment can improve the quality of life for many women," says Professor Daniel Raudrant, France. He is head of the Department of Gynaecology - Obstetrics at the Hotel Dieu hospital in Lyon, France and has authored numerous articles on the topic during his 22 years in the field. Read more on page 16.

Palle Marcus
Chairman

A STRONGER BUSINESS

Coloplast emerged from the 2005/06 financial year as a stronger business. Acquisitions and divestments were key events in the company's operations and financial results, as were efficiency improvements and restructurings intended to help achieve our long-term targets.

Revenue was up by 15% in local currencies to DKK 7.2bn (2004/05: DKK 6.2bn). The operating margin was 13% and organic growth was 8%. Both organic growth and the operating margin were in line with the guidance provided in the Q3 interim report. Economic profit amounted to DKK 349m against DKK 279m last year.

Our business performance was satisfactory, not least in terms of operating profit, the operating margin and value creation. Considering the many changes Coloplast implemented during the year, we have achieved good results through a dedicated effort to implement efficiency improvements. That took an extraordinary effort by many of our employees, for which we would like to express our sincere appreciation.

For the 2006/07 financial year we project 22% revenue growth expressed in local currencies, about 9% organic growth and an operating margin of 12-13%. The Board of Directors intends to recommend to the annual general meeting that this year's dividend be raised by 14% to DKK 4.00 per share of DKK 5 nominal value. This represents an increase in the pay-out ratio from 29% to 31%.

At Coloplast, we have a goal of becoming the global market leader in our business areas and for our company to become even more efficient. In 2005/06, we took several important steps towards achieving this objective.

In the spring of 2006, we acquired US-based Mentor Corporation's urology business, becoming a leading global provider of urology and continence products. In Europe, we became the market leader in continence and urology, and the acquisition has given us a strong platform for further growth on this strategically very important market. It allows us to market our products to new decision-makers in the urology market, including doctors, nurses and caregivers at hospitals and in the home care sector.

Sten Scheibye
President, CEO

We welcomed more than 1,000 new employees as part of the acquisition. Many of them have made a dedicated and skilled effort together with other Coloplast employees to integrate the new operations with Coloplast's existing business. While the initial results of these efforts show that the process is progressing well, we must continue to work on integration and make substantial investments in the year ahead.

When launching the Coloplast strategy for 2012, we realigned our organisation to achieve a more clear-cut division of responsibilities and to enhance our ability to achieve long-term goals and strategies. We consolidated Coloplast's core business in a global matrix consisting of three product divisions, Ostomy, Urology and Continence and Wound and Skin Care, and in five regions comprising our global sales operations. The responsibility for the sales regions and the product divisions were consolidated with a single executive vice president.

Our Global Operations unit is in charge of ensuring efficient production and distribution of Coloplast products. Global Operations also comprises logistics, design and assembly of machinery and technical maintenance. Through Global Operations, our organisation will be better prepared to exploit economies of scale, reduce our production costs, and to launch new products faster in multiple markets. Global Operations has 3,100 employees at 12 factories and 22 distribution sites all over the world. In the 2005/06 financial year, we devised a new production strategy for the purpose of introducing world-class standards in our production processes at lower costs. The strategy involves setting up regional distribution centres, reducing the number of production sites, enhancing competence development efforts at our continuing factories and further relocation of operations from Denmark to China and Hungary.

We have raised our target for the operating margin in 2012 from at least 17% to at least 18%, because we believe that the organisational changes we have initiated will have a positive effect. Accordingly, our business targets for 2012 are as follows:

- To double economic profit relative to the 2004/05 financial year at least every five years until 2012

- Revenue of at least DKK 15bn.

- EBIT margin of at least 18%.

We are well positioned to achieve our long-term targets, expectedly through organic growth. Any acquisitions or divestments made will trigger an adjustment of our long-term targets.

Palle Marcus
Chairman

Sten Scheibye
President, CEO

BUSINESS PERFORMANCE

The operating margin was 13% net of the effects of the acquisition of Mentor's urology business. This is a satisfactory performance, corresponding to an operating margin of more than 17% in the underlying business.

Revenue and growth

Coloplast generated revenue of DKK 7,227m in the 2005/06 financial year, an increase of 15% in local currencies. Revenue for the year was impacted by the acquisition of the urology business and the divestment of Sterling Medical Services. Organic growth measured in local currencies was 8%.

The forecast announced in the 2004/05 earnings release was 10%. Most business areas reported solid growth. Sales growth for wound care products fell short of expectations, and growth was affected by the business conditions faced by HSC.

Profit margin

Coloplast realised an EBIT margin of 13%. The forecast announced in the 2004/05 earnings release was approximately 16%. Operating profit was down 5% to DKK 955m. This performance was achieved in spite of the financial impact from the acquisition of the urology business of approximately DKK 280 million, including reduced earnings of approximately DKK 100 million from the acquired inventories of finished goods, depreciation of acquired assets in the amount of approximately DKK 50 million, one-time costs in connection with integration into Coloplast of approximately DKK 70 million and relocation costs in the USA of approximately DKK 60 million. Operating profit also includes severance costs for retired members of our Executive Management following a reorganisation of responsibilities.

Cost of sales increased by 18% to DKK 2,884m. Costs of distribution, sales and marketing rose 22% to DKK 2,268m. Administrative expenses climbed 18% to DKK 816m, while R&D costs rose by 22% to DKK 263m.

As a result of Coloplast establishing a manufacturing organisation, Global Operations, costs totalling DKK 86m, which were previously recognised in cost of sales as part of divisional responsibilities, are now included in sales and marketing costs. Included in this amount are marketing and documentation costs. Without the change, cost of sales would have increased by 22% and sales and marketing costs would have been 17% higher.

Indirect cost of sales of DKK 26m was recognised as income. Accounting policies on share-based payments have been changed to the effect that such payments are now included in the operating profit. Share-based payments totalled DKK 22m, double last year's amount.

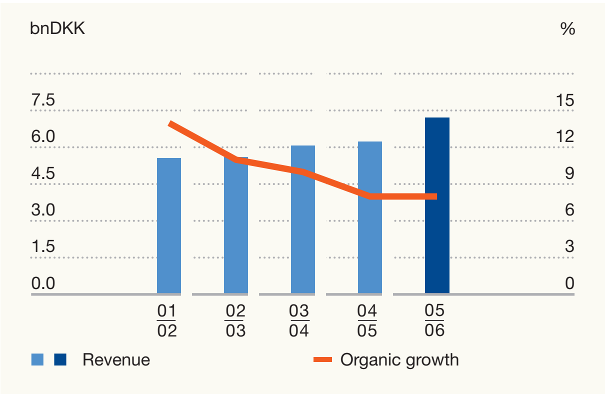
Economic profit

For a number of years, Coloplast has applied the concept of economic profit to help its leaders and employees to make the right decisions and, by extension, create optimum shareholder value. It is not sufficient merely to ensure a sound operating profit. Cost of capital from cash tied up in buildings, inventories, machinery, etc. must also be included.

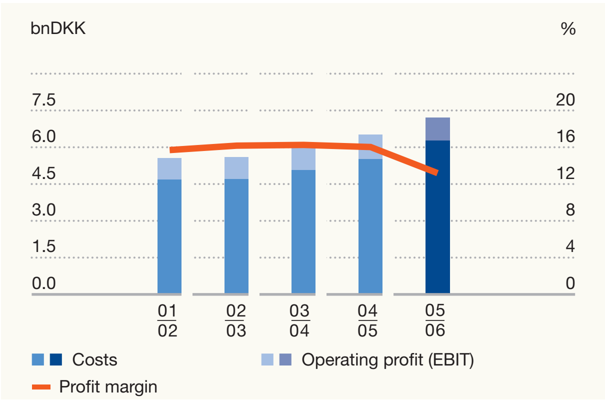
Management aims to optimise Coloplast's economic profit when defining long-term strategies and planning budgets, but economic profit considerations are also made in connection with short-term decisions, such as which type of machine to select, which projects to implement and which products to develop. Economic profit is made up of operating profit plus profit from associates less tax and cost of capital. Cost of capital is the invested capital multiplied by the weighted average cost of capital (WACC).

Coloplast's strategy builds on the goal that, relative to the 2004/05 financial year, the company should at least double its economic profit every five years until 2012. This corresponds to an average improvement of approximately 15% per year.

Revenue



Profit margin



SURGERY WAS THE ONLY OPTION. Delphine Coisne needed a surgical treatment to recover from her stress incontinence. "Now I am back to a normal family and work life. I have even just started training in the local fitness center in order to take up my favourite sport, mountain climbing, again," says Delphine Coisne, education assistant in Meyrie, France.

Economic profit was DKK 349m in 2005/06, an improvement of 25% on last year including the profit from the sale of Sterling. The calculations are based on a weighted average cost of capital (WACC) of 6.6% and net operating assets of DKK 6.5bn.

Financial results

Coloplast's share of the profit for the year after tax and discontinued operations was DKK 614m, up 11% on last year. Income statement items are net of Sterling Medical Services, which was sold during the year. The net effect is DKK 102m, which amount is shown separately under "Net profit for the period, discontinued operations".

Financial expenses, which include interest, exchange rate and fair value adjustments and bank charges, amounted to DKK 229m, net. Financial expenses were adversely affected in the amount of DKK 64m (DKK 44m last year) as a result of fair value adjustment of previously granted options, as the price of such options rose from DKK 378.00 to DKK 472.50 per share during the reporting period.

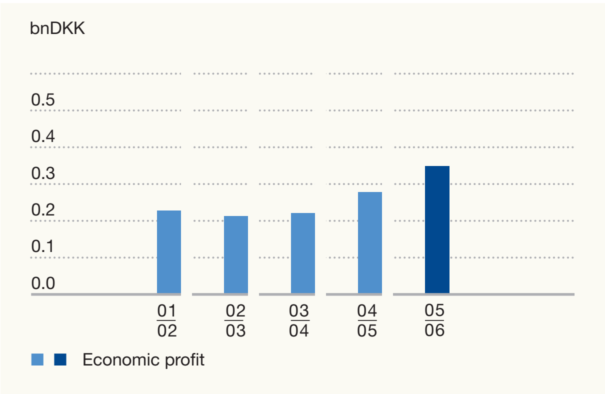
Net interest-bearing debt rose by DKK 2,202m in connection with company acquisitions to stand at DKK 3,069m at the balance sheet date. Total net interest expenses were DKK 133m against DKK 122m last year. The effective tax rate was 29%, corresponding to a tax charge of DKK 213m, down from 32% and DKK 272m last year.

Foreign exchange

Coloplast's consolidated financial statements are presented in Danish kroner. Sales are mainly generated outside Denmark and are invoiced in local currencies. As a result, our financial statements are affected by exchange rate movements. In 2005/06, Coloplast's weighted average of invoicing currencies was 1 percentage point higher than last year. This increase was caused primarily by the appreciation of US dollars and pound sterling vis-à-vis Danish kroner. Coloplast hedges all major currencies. Proceeds from or losses on forward exchange transactions and currency options are recognised as financial income and expenses, respectively. Receivables and the budgeted future cash flow are hedged for up to 18 months. During the financial year, hedging of the future cash flow was typically for between six and eight months.

The financial statements are also affected by exchange rate translation of net investments in foreign subsidiaries. The resulting exchange rate losses are recognised in equity in the amount of DKK 31m, of which DKK 29m relates to the change in the Hungarian Florint on our net investment in Hungary. The remainder is due primarily to fluctuations in the US dollar and pound Sterling.

Economic profit



Balance sheet

Total assets increased by DKK 2,067m to DKK 7,982m after the acquisition of the urology business. The acquisition caused an increase in intangible assets, property, plant and equipment, inventories and receivables. Non-current assets increased by DKK 2,366m to DKK 5,118m. Inventories increased by DKK 146m, while trade receivables rose by DKK 374m.

The increase in assets was funded through bank loans, which rose by a net amount of DKK 1,040m, and through the use of in-house cash resources. The higher bank debt caused a 7 percentage point drop in the equity ratio to 35%. Cash and bank balances and marketable securities fell by DKK 950m to DKK 149m.

Investments

Investments in intangible assets and property, plant and equipment totalled DKK 3,098m, of which the acquisition of the urology business represented DKK 2,618m. Other investments in property, plant and equipment amounted to DKK 415m, compared with DKK 399m last year.

Going forward investments in plants and manufacturing equipment will primarily take place in low cost regions. Consistent with this strategy, Coloplast has leased a 100,000 m^2 site in Zhuhai, China, and has begun construction of a new factory there. Construction of the plant will be divided into three stages, and the final facility will cover more than 50,000m^2. The initial stage of 20,000 m^2 will be ready in June 2007, and the first stage investment is expected to amount to about DKK 80m.

Cash flows

Net cash flow for the year was down by DKK 1,245m. The free cash flow was minus DKK 2,027m compared with a positive cash flow of DKK 919m last year. The cash flow from operations was DKK 991m.

Dividend payments to shareholders totalled DKK 162m. During the year, Coloplast acquired own shares in the net amount of DKK 103m.

Coloplast increased its non-current liabilities by DKK 1,048m, and the combined net interest-bearing debt rose by DKK 2,202m, primarily as a result of acquired activities.

Total liquid reserves at 30 September 2006 amounted to minus DKK 128m, and unutilised credit facilities stood at DKK 2.5bn. Coloplast's capital resources totalled DKK 2.4bn.

Incentive programmes

Coloplast operates a bonus and share option programme for Group Management and certain managers. Bonus is awarded annually on the basis of performance relative to targets agreed in writing. Share options are granted on the basis of the Group's financial performance relative to defined targets for economic profit and profit margin.

Under the company's incentive programme, approximately 210 managers will receive options with an aggregate value of DKK 26m in respect of the 2005/06 financial year, as compared with DKK 15m last year. Bonus payments and options both generally represent values of up to two months' net salary.

In accordance with IFRS 2, as from the 2005/06 financial year, the company recognises the calculated cost of applying the share-based payments in its income statement.

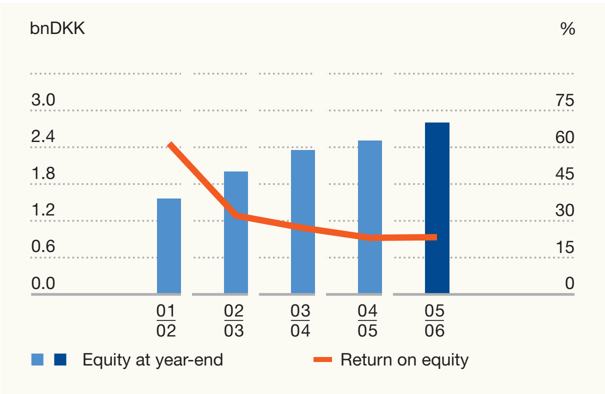
Share repurchase programme and dividend policy

Coloplast pursues a policy of generating an attractive return through a combination of share price appreciation and dividend payments. During the past three years, our pay-out ratio has risen from 21% to 29%.

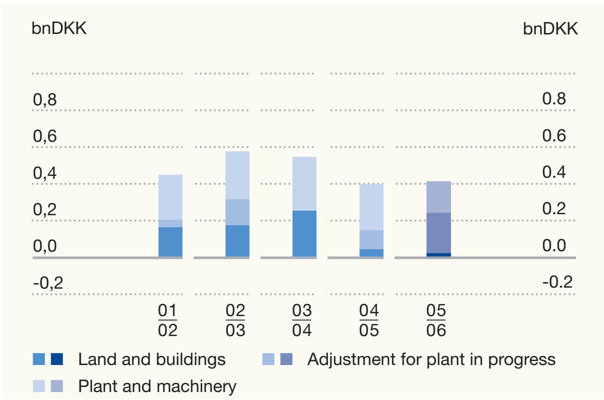
Based on the company's cash flows, in September 2005 the Board resolved to expand the existing repurchase programme of own B shares. The decision was made under the authority granted by the shareholders in general meeting to purchase up to 10% of the company's share capital. The limit for purchasing own B shares in the open market was raised from DKK 250m to DKK 450m.

Before we put the repurchase programme on hold in connection with the acquisition of the urology business, the net portfolio of own B shares increased by 286,550 shares, and

Equity and return on equity



Investments in property, plant and equipment



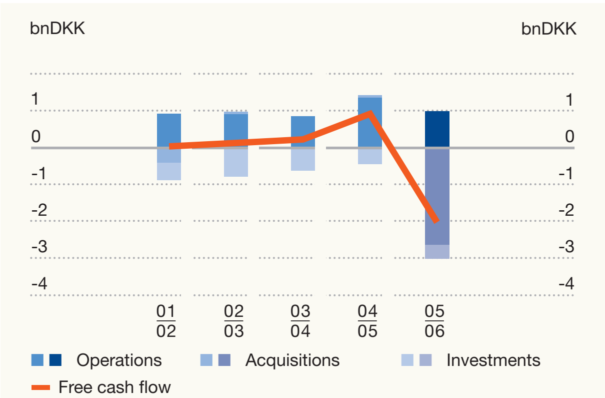
ADHESIVE NOW MANUFACTURED IN HUNGARY TOO. To date, Coloplast has manufactured adhesive, a key component in most of our products, in Denmark and the USA, but now we also manufacture adhesive in Hungary. Dániel Farkas is an operations manager of the new adhesive plant in Hungary. After receiving intensive training, including from his Danish colleagues, he is now qualified to operate the complex machinery by himself. With the mandatory validation procedures and prescription testing completed, the adhesive plant is now operating at full capacity.

at 30 September 2006 Coloplast held 1,890,799 own B shares, corresponding to 4.3% of the B share capital and 3.9% of the total share capital. In doing so, the company completed 80% of the repurchase programme.

Last year, dividend payments were raised by 17% to DKK 3.50 per share of DKK 5. This year, the Board of Directors intends to recommend to the annual general meeting that a dividend of DKK 4.00 per share of DKK 5 be paid, corresponding to a pay-out ratio of 31%.

The Board will consider Coloplast's future dividend payments and the potential for additional share repurchase programmes in relation to the company's capital structure and expected future acquisition opportunities.

Cash flow statement



Capital structure and financial risk management

Based on financial strength, Coloplast pursues the objective of ensuring stability and maintaining a high degree of flexibility in order to support its future strategic progress, including growth through acquisitions. The assessment of our corporate financial strength builds especially on the ratio of net debt to EBITDA.

Net interest-bearing debt increased by DKK 2,202m, causing the net debt to EBITDA ratio to rise to 2.20 from 0.64 at the beginning of the financial year.

Following refinancing of short-term borrowings in connection with company acquisitions to long-term debt, most of the company's interest-bearing debt is now fixed rate loans.

The company's financial strength, as outlined in the financial statements as per the balance sheet date, is considered appropriate, as it is believed to allow for additional capital intensive expansion activities.

The company's target going forward is to have net debt at 2–3½ times EBITDA.

Hedging of financial risks is made by the parent company's Corporate Finance function. The relevant policy and procedures are described in the section on managing business risks: "Enterprise risk management".

Events after the balance-sheet date

Strategy for Global Operations

In the 2005/06 financial year, we developed a new global production strategy, which was presented in October 2006. The new strategy entails that manufacturing activities in Denmark will be gradually scaled down. As a result, our plant at Kokkedal, Denmark, will close down at the end of 2008 and our manufacturing activities at Humlebæk, Denmark will be relocated at the end of 2010. The rate of transfer of production out of Denmark will not exceed the staff turnover rate among production workers.

Plant closure in Great Britain

Coloplast's factory in Lancing, Great Britain will close down in March 2007. Production at the plant will be discontinued in December 2006, affecting 75 of our employees. The factory was taken over as part of the acquired urology business, but a review of the facility showed that operations at Lancing are not financially viable.

Share classes and authorisations

Coloplast operates two share classes: A and B shares. Both share classes have the same denomination of DKK 5 per share. There are 3.6m class A shares (aggregate nominal value of DKK 18m), each of which entitles the holder to ten votes, and 44.4m class B shares (aggregate nominal value of DKK 222m), each of which entitles the holder to one vote. Coloplast's B shares are negotiable instruments and were listed on the Copenhagen Stock Exchange in 1983. The A shares are non-negotiable instruments. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors, whereas there are no limitations as regards negotiability attached to the class B shares. The Board of Directors may increase the company's share capital in one or more issues of class B shares with a nominal value of up to DKK 15m. Moreover, the Board of Directors has the authority to acquire own shares up to 10% of the company's share capital. The highest and lowest amount to be paid for the shares is the official market price at the time of purchase +/- 10%. Both authorisations are valid until 17 December 2006. At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association or to wind up the company, however, require that not less than half of the share capital is represented and that the resolution is adopted by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. If the above-mentioned share capital is not represented, and if the resolution is not adopted by two-thirds of the votes cast, the resolution lapses. If the resolution is adopted by two-thirds of the votes cast, the Board of Directors must convene a new extraordinary general meeting within two weeks. If at this meeting the resolution is adopted by not less than two-thirds of the votes cast and of the voting share capital represented, it will be passed without consideration to the size of the represented share capital. No important agreements are in place that would be affected if control of the company is changed as a result of a takeover bid, and no special agreements have been made between the company, its management or employees if their positions are discontinued for the same reason. There are no special provisions governing the election of members to Coloplast's Board of Directors.

Annual general meeting and proposed dividend

Annual general meeting

The companys annual general meeting will be held on Wednesday, 13 december 2006, at 16.00 at the company's address: Holtedam 3, DK-3050 Humlebæk. Prior to the annual general meeting Coloplast will host a shareholders' meeting at 15.00 at the same address. Palle Marcus wishes to step down from the Board of Directors at the 2006 annual general meeting. The Board of Directors proposes re-election of: Niels Peter Louis-Hansen, Michael Pram Rasmussen, Per Magid, Torsten E. Rasmussen and Ingrid Wiik. The Board of Directors proposes that Sven Håkan Björklund, CEO of Nycomed, be elected to the Board.

Proposed dividend

Last year, dividend payments were to DKK 3.50 per share of DKK 5. The Board of Directors intends to recommend to the annual general meeting that this year's dividend be raised by 14% to DKK 4.00 per share of DKK 5 nominal value. This represents an increase in the pay-out ratio from 29% to 31%. The dividend for the year will be paid automatically via VP Securities Services ("Værdipapircentralen") on 19 December 2006.

Ownership and share interests

The number of shareholders rose by 5,342 last year to 19,944 this year. Over the course of the year, there were only minor changes in our ownership structure. Pursuant to the company's articles of association, shares must be registered in the name of the holder to carry voting rights. 94.6% of Coloplast's shares are registered in the name of the holder. Institutional investors outside Denmark held approximately 23% of Coloplast's shares at 30 September 2006. Four shareholders have reported to the company, pursuant to section 28 (a) and (b) of the Danish Companies Act, that they hold 5% or more of the share capital or voting rights. These shareholders are Mrs J. Louis-Hansen of Randers, Mr N.P. Louis-Hansen of Vedbæk, and the Foundation of Aage and Johanne Louis-Hansens Fond of Nivå and ATP of Hillerød.

Ownership of Coloplasts shares 30 September 2006	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares	3,600	17,683	44.3	66.8
Danish institut. investors		11,000	22.9	13.7
Foreign institut. investors		10,725	22.4	13.3
Coloplast A/S*		1,116	2.3	
Other shareholders		1,276	2.7	1.6
Non-registered shareholders*		2,600	5.4	
Total	3,600	44,400	100.0	95.4

* No voting rights

Share interests 30 September 2006	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	2,457	1,490	9
- Of which independent board members		6	4
Executive Management		13	4
Total	2,457	1,503	13

OUTLOOK FOR 2006/07

Coloplast forecasts about 22% revenue growth in local currencies in the 2006/07 financial year. Organic growth is expected to be about 9%, while the remaining increase will derive from the full-year recognition of the urology business. The potential effects of a British health care reform, currently being considered by the authorities, are not included in the forecast.

The EBIT margin is expected to be 12-13%. Integration of the urology business and other restructurings will reduce the operating profit by about DKK 380m and lower the EBIT margin by 4-5 percentage points.

Restructuring costs include one-time costs related to establishing regional shared services centres for administrative functions and to the closing of factories in Denmark.

mDKK	2006/07
Integration of acquired business	-130
Relocation in the USA	-30
Depreciation	-150
Restructurings	-90
Synergies	20
Total financial impact	**-380**

The EBITDA margin is expected to be 18-19%, equal to the 2005/06 level.

The acquired urology business, which will be fully recognised in the 2006/07 financial year, generates lower earnings than Coloplast's previous business, which will impact the expected EBIT margin for 2006/07. Coloplast expects to improve earnings in the urology business over the next few years through efficiency improvements and economies of scale by integrating systems with the rest of its business, such as in corporate procurement and back office functions.

Total integration costs incurred and anticipated in relation to the acquisition of the urology business are expected to amount to approximately DKK 230m, as compared to the previous estimate of DKK 60-120m. The change is the result of, among other things, the combination of a number of sales subsidiaries and the closure of the factory in Lancing, Great Britain. To this should be added the previously announced costs of DKK 90m for relocating operations in the USA.

mDKK	2005/06	2006/07	2007/08
Integration costs	70	130	30
Relocation costs in the USA	60	30	0

The estimated synergies are increased from DKK 50-75m to DKK 75-100m per year, when the integration has been completed during the 2007/08 financial year.

Gross investments in property, plant and equipment are expected to be approximately DKK 700m, equal to about 8% of revenue. Of this amount, investments in new factories in China and Hungary are expected to amount to around DKK 200m.

The tax rate for 2006/07 is expected to be about 30%.

Healthcare reforms

In October 2005, the British health authorities tabled a proposal to change the reimbursements for the supply of wound care products, continence products and ostomy products. The initial consultations were concluded in January 2006.

The subsequent dialogue between authorities, interest groups and businesses led to new consultations on service standards and product categories in the ostomy and continence care area. The authorities later indicated that they would be concluding their review of the hearing statements in October 2006 and hand over the findings to the Minister of Health shortly thereafter.

It was also indicated that a new consultation would be conducted on reimbursement rates and payment for services in the ostomy and continence care area in November 2006.

It is not possible to predict exactly when any changes might be adopted and what effect they may have. As a result, the potential effects of the consultations have not been included in the forecast for 2006/07.

In connection with the German healthcare reform, Coloplast continues to expect that the national health service will determine new reimbursement prices for the continence care area during the 2006/07 financial year. Accordingly, a minor effect of the reform has been included in the forecast.

Long-term targets

The target for the EBIT margin in 2012 has been raised from at least 17% to at least 18%, because we believe that continued relocation of production, application of lean principles and other changes initiated will have a positive effect.

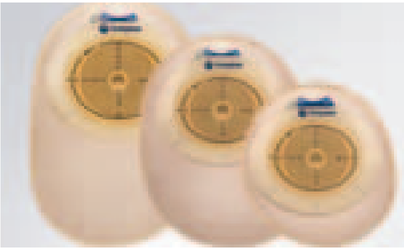
Accordingly, Coloplast's business targets for 2012 are as follows:

- To double economic profit relative to the 2004/05 financial year at least every five years until 2012
- Revenue of at least DKK 15bn.
- EBIT margin of at least 18 per cent.

Major fluctuations in the exchange rates of important currencies vis-à-vis Danish kroner, significant changes in healthcare sector or major changes in the global economy may impact Coloplast's potential for achieving its long-term targets and fulfilling its full-year forecasts. In addition, the company may see an impact on its accounting values.

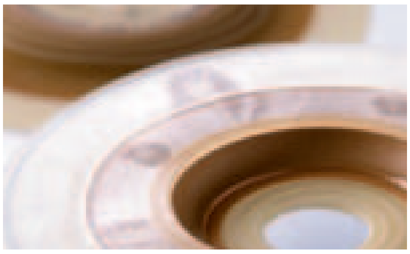
NEW PRODUCTS

"Shorter time to market, offering more new products in several countries at the same time". This is one of the strategies we have devised to increase business growth and value creation in the years ahead. Even though Coloplast is an innovation leader in terms of new products and their contribution to consolidated revenue, we must increase our competitive strength further. We aim to achieve this by enhancing the structure of our innovation stage. Our product development process will be further systematised, and we are now using global launch plans. As a result of these efforts, we obtain commercial benefits of our new products faster and we achieve an earlier return on our investments. In addition, our competitors will have less time to learn about our new products. Set out below is a selection of the new products intended to underpin our growth in the years ahead:



Coloplast's **SenSura** ostomy bags combined otherwise incompatible features, i.e. adhesive capabilities while being gentle to the skin.

A wide range of the **Corsinel** hernia compression pants for ostomists diagnosed with hernia is now available for both men and women.



The **Easiflex** ostomy bag offers a very flexible system, because the plate and the bag combined form a soft unit. The adhesive creates a bond between the plate and the bag.

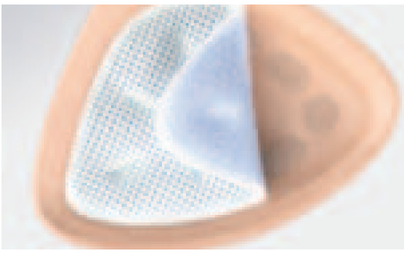
In May 2006, **Conveen** Optima urisheath was awarded a merit prize presented by British health professionals for its user friendliness and innovative design.

SpeediCath Complete has a urine bag with an integrated catheter and is therefore suitable in situations where there is no access to a bathroom.

The **Aris** vaginal sling for restoring continence is a urology product launched in 2005.

Thanks to **Biatain**-Ibu, Coloplast has launched the first bandage on the market relieving pain caused by chronic, running ulcers.

Critic-Aid Zinciferous barrier cream which protects sensitive, inflamed or damaged skin.



The new generation of **Climate Control** has been launched in several markets in 2005/2006. The breast form is developed for users who have had problems with heat and dampness.

BUSINESS AREAS

PRIMARY SEGMENT SPLIT

In accordance with the Group's financial management and accounting policies, the primary segment comprises business areas and the secondary segment geographical markets.

Product divisions

The primary task of the product divisions is to ensure a competitive product portfolio for Coloplast's sales subsidiaries. The divisions are responsible for developing new products in close collaboration with users and healthcare professionals and for developing marketing concepts.

Sales subsidiaries

Sales and marketing activities are performed by Coloplast's sales subsidiaries and independent distributors. Our sales subsidiaries market and sell Coloplast's products and services, maintaining a close dialogue with users, decision makers and the authorities. In a few countries sales are also effected through homecare companies owned by Coloplast. These companies supply products and offer guidance and services to users in their homes.

Global operations

Global operations is responsible for all aspects of pilot production, capacity build-up and volume manufacturing, and the department also handles logistics, distribution and technical maintenance.

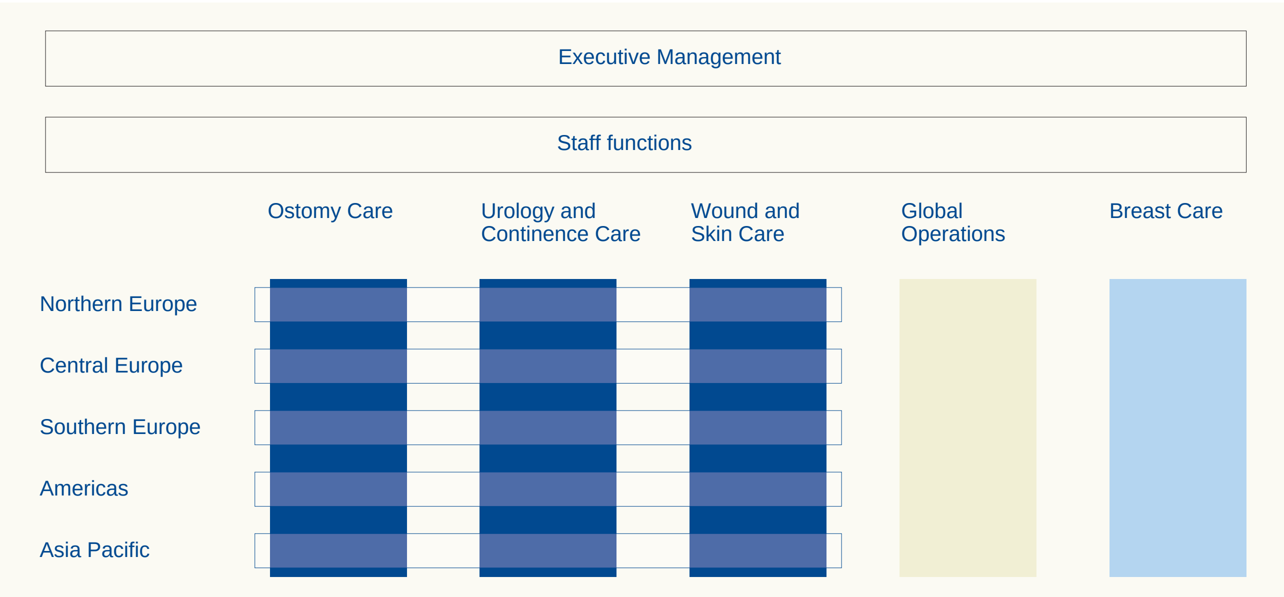
Segment structure

In connection with the launch of Coloplast's strategy towards 2012, we changed the organisation, re-organising our core business areas in a new global matrix comprising five sales regions and three product divisions. At the same time, our wound and skin care activities were merged into one division.

The urology activities are now a part of the former continence division, which has been renamed Urology and Continence division. After adding urology to our business, the joint name of the three divisions was changed from Chronic Care to Medical Care. At the same time, divisional and regional management was consolidated at one location. The breast care business area remains an independent business unit, but since it represents less than 10% of the Group's combined revenue, profit or net assets, the financial results of this business area is included in the overall reporting for the business areas.

Accordingly, the Group's results are reported as one single entity supplemented with information about revenue and growth rates in local currencies for Coloplast's products in each of the four business areas.

Corporate structure



OSTOMY CARE

Ostomy is Coloplast's oldest business area, comprising products and services for people who have had a stoma, i.e. a surgical procedure in which part of the intestine is brought out to the surface of the abdomen. The purpose is either to empty the large intestine (colostomy), the small intestine (ileostomy) or the urine passage (urostomy).

A whole new generation of ostomy bags, **SenSura**, was launched globally in October 2006. In clinical studies, **SenSura** was preferred over leading competing products by more than 80% of the users.

Our products are marketed to nurses and users. Typical users have suffered from chronic intestine disorders or cancer. A stoma no longer has to be permanent, and a growing number of patients have their stoma reversed. It may pose a great challenge to get used to having an opening in the abdomen while at the same time feeling secure that the devices available do not leak or emit an odour. Over time, users also need to pay attention to inconvenience that may occur due to prolonged use of adhesives on the skin.

Every time Coloplast has developed a new generation of ostomy products, we have raised the overall standard of ostomy products. Our long-standing collaboration with nurses and users shows that it helps to continue to improve the adhesives, the odour filters and the material used to make the ostomy bags. It has been this way ever since Coloplast developed the world's first disposable ostomy bag.

Products and services

Ostomy bags consist of either a skin-adhesive plate with an attached bag or two separate parts in which the bag is replaced more often than the adhesive plate.

A good ostomy bag makes the user feel comfortable and is discreet, allowing the user to live as normal a life as possible. In addition to its products, Coloplast offers services in the form of home delivery, adjustment of ostomy bags and professional guidance.

Markets and their development

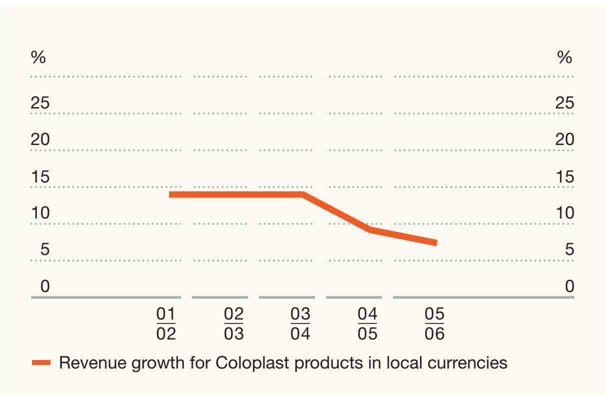
The global market for ostomy products is influenced by the extent to which products are reimbursed, and the market is under continuing expansion in step with the establishment of new healthcare systems in countries such as Russia and Asia.

Demand for ostomy products is impacted by three particular aspects. As the number of old people and intestinal cancer patients rises, demand for ostomy follows. As a growing number of patients are cured for their intestinal cancer or have their stoma reversed, demand for these products declines. Finally, demand for ostomy products is influenced by the ability and willingness of local healthcare systems to pay for the products demanded by the users. As a result of these trends, the global market is growing by about 1-3%. There are about 1.3 million stoma patients worldwide. The global market for ostomy products of DKK 9.3bn breaks down as follows: DKK 5.4bn in Europe, DKK 1.8bn in the USA and DKK 2.1bn in the rest of the world.

Coloplast commands a global market share of about 28%, topping in Europe at about 39% and our lowest market share being in the USA at about 5% of the market. Coloplast retains its ambition to achieve a double-digit market share in the USA within a few years.

Gross sales of Coloplast ostomy products were up by 7% in local currencies to DKK 2,867m. We posted particularly

Gross revenue growth rates



Financial results and key ratios

	2005/06	2004/05
Gross revenue, mDKK	2,867	2,657
Growth, local currencies	7%	9%
Share of Coloplast's revenue	40%	40%
Global market, bnDKK	9.3	8.5
Global market growth	1-3%	4-7%
Global market share	28%	29%

Revenue and growth indicated for continuing operations.

Global market data represent Coloplast's estimates for product areas and markets where Coloplast operates.

satisfactory sales growth in the USA. Sales in the German homecare company HSC were substantially lower than in the previous year, while sales through Coloplast's German sales subsidiary, which markets the products through traditional sales channels including HSC, continued the satisfactory performance. As a result, Coloplast continued to strengthen its position in the German market for ostomy care, even though the company is losing market share in distribution. Total sales of ostomy products rose by about 12% net of HSC sales.

Three of our products represent the bulk of the growing sales; the open bags with the so-called **Hide-away** outlet, bags with convex adhesive and the **Easiflex** product range, which continues to grow for the fourth year running. On top of this, we achieved solid growth for our recently launched ostomy bag with a double odour filter in the **Assura** series.

Our new **SenSura** ostomy products have been developed together with the users and more than 400 nurses around the world. The product offers a unique and novel adhesive and a significantly improved carbon filter, **Hide-away** outlet and design.

Clinical studies showed that **SenSura** made the users feel more safe owing to fewer cases of leakage, and they felt more comfortable because the new adhesive is easier to use and more gentle to the skin. All of these qualities are crucial for people with a stoma.

In 2005/06 Coloplast launched a new type of fistula pouch, which is initially marketed to ostomy nurses in the USA. A fistula is an involuntary passage from the intestine out through the stomach that is created by the body, typically as a result of an intestinal disorder. Coloplast has not previously sold this type of products, and the potential market for fistula pouches corresponds to just under 2% of our existing market for ostomy products.

BEING ABLE TO PLAN FREELY. Incident Commander Steen Nielsen had feared that a stoma would prevent him from living his life the way he wanted. Would he still be able to perform his job, do sports, and would he be able to sail the open seas with a bag stuck to his stomach? "Actually, I felt a huge degree of freedom to plan and do the things I've always wanted to do."

UROLOGY AND CONTINENCE CARE

In 2006, Coloplast acquired US-based Mentor's urology business for just under DKK 3bn. The acquisition consolidated Coloplast's position in the continence care market through a substantial expansion of its product portfolio. Coloplast is now the market leader in the USA and has further consolidated its leading position in Europe. Coloplast has also become one of the leading, global suppliers of a broad range of urology products, which are marketed to all decision-makers in the field of urology, including doctors, nurses and caregivers.

Our continence care business started in 1979 as a spin-off from our urostomy activities, which involves emptying the bladder through an opening in the abdomen. Our experience with ostomy bags was a natural starting point for expanding manufacturing to comprise urine bags as well. Later followed urisheaths, absorbing products and catheters. We have now expanded our business by a number of innovative products, which may quickly and easily help users to empty their bladder or bowels. Some of the products may even be used in situations without immediate access to a bathroom. Our products are marketed to nurses and users. Our key customer group is people with spinal-cord injuries. These are often young people who have been involved in an accident.

Products and services

Urology is the medical term for examining and treating congenital and acquired disorders and damage to the kidneys, the urinary tract and the male genitals. Coloplast's urology and continence business offers products for the treatment of most urological disorders. We market a broad range of products for the treatment of urinary tract obstruction and urine retention, including prostatic stents and catheters to drain the kidneys.

For women, we produce sub urethal tapes to restore continence and mesh for surgical prolapse repair. For men we produce penis implants to alleviate erection problems and products with small radioactive particles for local radiation treatment of prostate cancer, the so-called brachytherapy products.

In addition, we offer a wide range of intermittent and permanent catheters, urine bags, urisheaths, absorbing products and a unique system that allow the users to control their bowel movements.

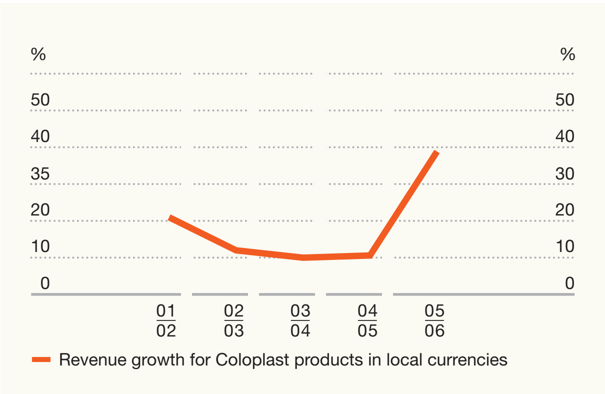
Markets and their development

In the market description, the acquired business is referred to as "urology", while our existing product portfolio is referred to as "continence".

The market for urology and continence products hinges on medical achievements in treatment regimes and the technological development of equipment used at hospitals. The market may be adversely affected in case of a drop in the number of spinal-cord injuries, for example as a result of fewer accidents, or if more patients are cured for the diseases that cause problems in the urinary tract and the intestines, including cancer. The global urology and continence market, in which Coloplast operates, is growing by about 7% per year.

Gross sales of Coloplast urology and continence products were up by 39% in local currencies to DKK 2,265m. Sales of continence products grew by 14% relative to last year measured in local currencies, while overall sales of products from the acquired urology business were stagnant. This trend should be viewed against the background of the ongoing integration process. For example, sales activities are being pooled in several key markets, our sales organisation is trained in the new products, and our product portfolios are being optimised. Our forecast for 2006/07 builds on sales of urology products picking up again.

Gross revenue growth rates



Financial results and key ratios

	2005/06	2004/05
Gross revenue, mDKK	2,265	1,615
Growth, local currencies	39%	11%
Share of Coloplast's revenue	31%	24%
Global market, bnDKK	14.5	9-9.5
Global market growth	7%	4-6%
Global market share	15%	19%

Revenue and growth indicated for continuing operations.

Global market data represent Coloplast's estimates for product areas and markets where Coloplast operates.

Urology included from 2nd June 2006.

VALUE FOR MONEY. "The use of trans obturator sub urethral tape is a very easy surgical procedure with a high success rate and a very low incidence of complications in the treatment of stress urine incontinence and mixed urine incontinence. It is a fast procedure and not as painful as other surgical treatments. In addition it offers good value for money in terms of health economics and contribute to capacity increase at our hospital," says professor Daniel Raudrant, France.

Urology

The part of the urology market in which Coloplast operates represents a value of DKK 5.5bn and grows by 8% per year. The USA accounts for the bulk of the global market, and new technologies and treatment regimes are most often developed here. As a result, the USA will be a key focus area for Coloplast in the years ahead.

Continence care

Coloplast is the market leader in the continence care market. The global market represents a value of approximately DKK 9bn and is growing by about 6%. The catheter market is the most rapidly expanding segment with growth rates of 12-14% in Europe, where the market represents a value of approximately DKK 2.5bn.

Representing more than half of Coloplast's sales of continence care products, sales of catheters were up by 21%, giving Coloplast a market share in Europe of almost 40%.

Sales of urine bags rose by a satisfactory margin on the back of a decent sales performance in all key markets.

The global market for anal irrigation products is estimated at approximately DKK 1bn. Coloplast launched its **Peristeen** Anal Irrigation product in this market in the 2003/04 financial year. Coloplast is the first provider of this type of product and as yet has not encountered direct competition.

Our new urisheath **Conveen** Optima was well received upon its launch in Great Britain, Belgium and the Netherlands. In May 2006, Coloplast received an award for the user-friendliness and innovative design of the product from the Association for Continence Advice, a British member organisation for healthcare professionals. Last year, Coloplast received the same award for **SpeediCath** Compact.

WOUND AND SKIN CARE

Coloplast markets products for skin care and wound-healing and gives advice to nurses with regard to treatment and use of the company's products.

In the spring of 2006, we launched the advanced foam dressing **Biatain**-Ibu, becoming the first company to offer a dressing that alleviates pain in chronic, exudating wounds. The product will be launched in all key markets in the 2006/07 financial year.

Coloplast's extensive experience with stoma care, adhesives and plastic laid the foundation for our wound and skin care business. In 1982, we launched our first dressings, and in 1995 we extended the business area with skincare products through the acquisition of US-based Sween Corporation.

In 2005, we pooled the activities in the Wound and Skin Care division. The rationale was partly that the products are widely developed in collaboration with and marketed towards the same nurses who either treat wounds or who need to protect their skin. Patients are treated for exudating or chronic wounds caused by disease or bed sore. Optimum wound treatment is achieved in a moist environment. Coloplast has developed the materials used to make the dressings to ensure the right moisture. There is a trend towards increasingly advanced dressings. Coloplast has developed dressings with active ingredients, and we are involved in the development of a built-in vaccine.

Products and services

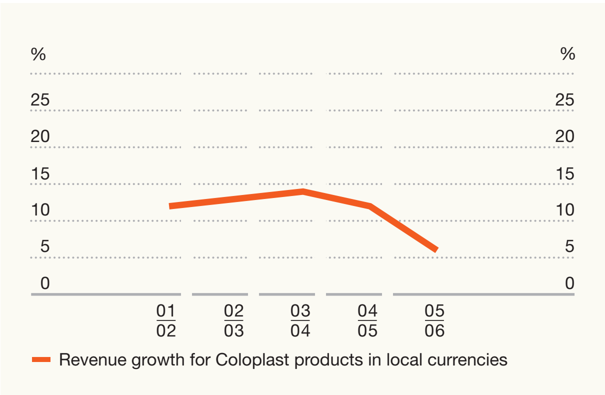
Wound care products comprise dressings such as our patented foam which is attached to the wound using gauze or a built-in adhesive. Coloplast currently offers two series of dressings, each with an active ingredient. One of these ingredients is silver, which can kill wound bacteria, including those resistant to antibiotics. The other ingredient is ibuprofen, which reduces wound pain.

Our dressings with active ingredients are unique for two reasons: Firstly, the active ingredient is not only added to one side of the dressing, but is embedded in the foam from which the dressings are made. Secondly, the dressing ensures that dosing of the active ingredient occurs over several days as the wound suppurates. This means that the body's own healing process controls the release of the active ingredients.

Characteristic of a good dressing is that it speeds up the wound healing process and is easy for healthcare staff to replace without any pain for the patient. In addition, the dressing must speed up the healing process without causing any discomfort for the patient in the form of inflammation, liquid, odour or pain. Optimum wound healing is often achieved by combining treatment with different types of dressings.

Coloplast's skin care products consist of disinfectant liquids and lotions and are used primarily to protect skin exposed to body fluids, retaining skin moisture, and for bathing, cleansing and treating wounds. Some of our products are sold as accessories for other Coloplast products.

Gross revenue growth rates



Financial results and key ratios

	2005/06	2004/05
Gross revenue, mDKK	1,223	1,137
Growth, local currencies	6%	12%
Share of Coloplast's revenue	17%	18%
Global market, bnDKK	18	17
Global market growth	6-7%	10%
Global market share	7%	7%

Revenue and growth indicated for continuing operations.

Global market data represent Coloplast's estimates for product areas and markets where Coloplast operates.

Markets and their development

The market for Coloplast's skin and wound care products is influenced primarily by three factors: The general increase in life expectancy, growing awareness of the need for skin care and not least the user-driven innovation which constantly leads to new and improved products. Market growth for skin and wound care products is estimated at 6-7% per year.

Gross sales of Coloplast skin and wound care products were up by 6% in local currencies to DKK 1,223m. In a number of product areas, sales were lower than anticipated and unsatisfactory. Sales growth was influenced by the fact that growth in the global market for moist wound healing fell to about 6%. Especially the European market for anti-bacterial products has taken a blow, after several years of strong growth rates. Coloplast holds about 12% of the wound care market in Europe.

We believe that we can return to double-digit growth rates during 2006/07 after the launch of **Biatain**-Ibu in the key wound care markets in Europe, and product launches in the US are also expected to contribute to growing sales. Coloplast generates most of its revenue from skin care products in the USA, where we posted satisfactory sales growth.

PROFESSIONAL KNOW-HOW IS KEY. As a wound specialist, Pia Carlsen helps to give patients professional wound care and wound treatment. "I don't have a standard treatment for wounds, but I use my clinical expertise as a nurse when I decide which treatment is best for each individual patient," she explains. Another part of her job is to guide patients in how best to speed up the healing process.

BREAST CARE

Coloplast's breast care business was initiated in 1988 on the back of a good idea: the combination of breast forms and adhesive technology. Soon after, the world's first self-supporting breast form had been developed. After the acquisition of Amoena, Coloplast became a market leader within development, production and distribution of external breast forms and accessories. The products are marketed under the **Amoena** brand for women who have gone through a breast operation due to breast cancer. The products are sold in about 60 countries through bandagists, specialist dealers or own shops. The biggest markets are the USA, Germany, the United Kingdom and France.

Products and services

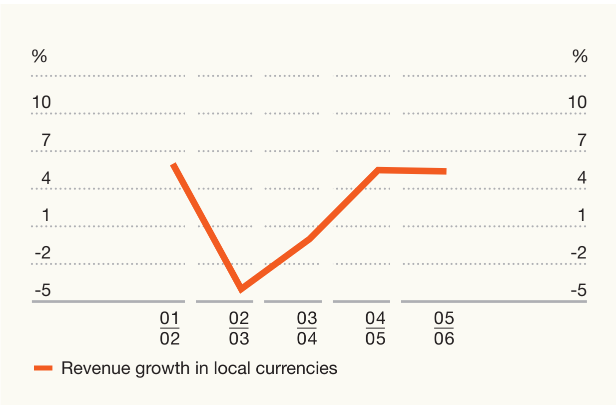
A well-functioning breast form must be comfortable to wear, even in warm weather conditions and should not irritate the skin. At the same time, it should be as realistic and discrete as possible.

Coloplast sells a number of different breast forms which can be divided into two types: A complete form for users who have had a breast removed and a neutralization part for users who have had part of a breast removed. In addition, the company markets a number of skin care products, lingerie and swimsuits specially designed for individual users.

Market conditions and their development

Gross sales of breast care products increased by 5% in local currencies and amounted to DKK 508m. This positive sales performance has led to a reevaluation of the market growth, which is now estimated at about 2%. The number of breast operated women is increasing, but a growing number of women choose to have a breast-conserving operation or a reconstruction of the breast. The world market for breast forms and textiles amounts to approximately DKK 1bn. Coloplast holds more than 50% of the market for breast forms and the company continues to win market share. A new generation of breast forms contributed to the sales growth and sales of swimsuits also outperformed expectations.

Gross revenue growth rates

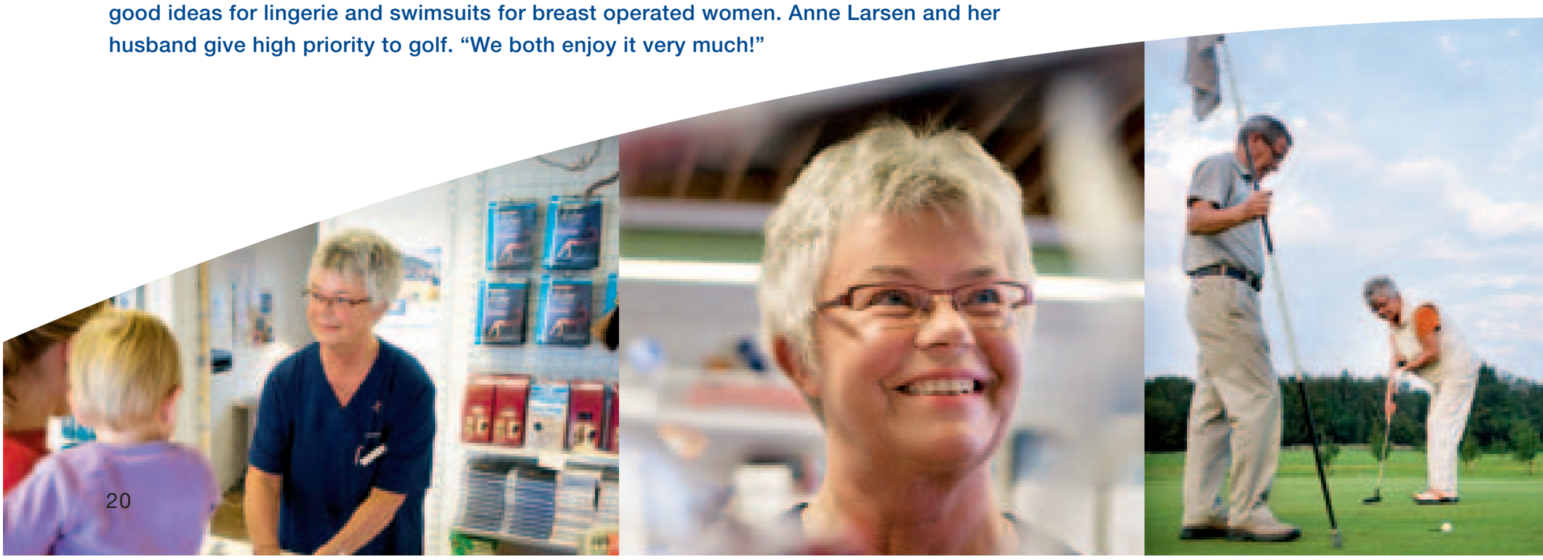


Financial results and key ratios

	2005/06	2004/05
Gross revenue, mDKK	508	474
Growth, local currencies	5%	6%
Share of Coloplast's revenue	7%	7%
Global market, bnDKK	1	1
Global market growth	2%	-2%
Global market share	50%	47%

Global market data represent Coloplast's estimates for product areas and markets where Coloplast operates.

NOW SHE HELPS OTHERS. Anne Larsen, aged 59, knows what she is talking about when she offers breast operated women good advice at the bandagist she works for. In 2000, she had one of her breasts removed due to breast cancer. Now she also helps Amoena getting good ideas for lingerie and swimsuits for breast operated women. Anne Larsen and her husband give high priority to golf. "We both enjoy it very much!"



OVERVIEW OF GROUP COMPANIES

	Registered office	% owned
Parent company		
Coloplast A/S	Denmark	
Sales and/or manufacturing subsidiaries		
Coloplast de Argentina S.A.	Argentina	100
Coloplast Pty. Ltd.	Australia	100
Coloplast Belgium S.A.	Belgium	100
Coloplast do Brasil Ltda.	Brazil	100
Coloplast Canada Corporation	Canada	100
Coloplast Denmark A/S	Denmark	100
Coloplast S.A.	France	100
Coloplast International EURL	France	100
Porgès S.A.S.	France	100
Coloplast B.V.	Holland	100
Coloplast S.p.A.	Italy	100
Coloplast K.K.	Japan	100
Well Come Support Center Y.K.	Japan	100
Imano Y.K.	Japan	100
Coloplast (China) Co. Ltd.	China	100
Coloplast (Hong Kong) Ltd.	China	100
Coloplast (NZ) Limited	New Zealand	100
Coloplast Norge AS	Norway	100
Coloplast Sp. zo.o.	Poland	100
Coloplast AG	Switzerland	100
Coloplast Productos Médicos S.A.	Spain	100
Coloplast Limited	Great Britain	100
Coloplast Medical Limited	Great Britain	100
Charter Healthcare Limited	Great Britain	100
Coloplast AB	Sweden	100
Coloplast GmbH	Germany	100
Coloplast Distribution GmbH	Germany	100
AMOENA Medizin-Orthopädie-Tecknik GmbH	Germany	100
Home SUPPLY + Care Beteiligungs GmbH	Germany	100
Coloplast Hungary Kft.	Hungary	100
Coloplast Corp.	USA	100
Coloplast Manufacturing US, LLC	USA	100
Mills Biopharmaceuticals, LLC	USA	100
Coloplast Ges.m.b.H.	Austria	100
Other companies		
Coloplast Ejendomme A/S	Denmark	100
Coloplast Development Limited Partnership	USA	54

	Registered office	% owned
Amoena subsidiaries		
Amoena Australia Pty.	Australia	100
Amoena Canada Inc.	Canada	100
Coloplast de Costa Rica S.A.	Costa Rica	100
Amoena Denmark A/S	Denmark	100
Amoena France S.A.	France	100
Amoena Italy s.r.l.	Italy	100
Amoena Portugal Lda.	Portugal	50
Amoena Espana, S.L.	Spain	100
Amoena (UK) Ltd.	Great Britain	100
Amoena Polska Sp. zo.o.	Poland	100
Amoena Sweden AB	Sweden	100
Amoena spol.s.r.o.	Czech Rep.	50
Amoena Kft.	Hungary	50
Amoena USA Corporation	USA	100
HSC subsidiaries		
Cosamed GmbH	Germany	100
Hansemed GmbH	Germany	100
Karmed GmbH	Germany	100
Keimed GmbH	Germany	92
Limed GmbH	Germany	100
Spreemed GmbH	Germany	100
Stomed GmbH	Germany	100
Porgès subsidiaries		
Porgès S.r.l.	Italy	100
Porgès K.K.	Japan	100
Porgès Lda.	Portugal	100
Porgès S.L.	Spain	100
Porgès UK Limited	Great Britain	100
Porgès GmbH	Germany	100

Representative offices

Finland	Slovenia
Israel	South Africa
Croatia	Taiwan
Portugal	Czech Rep.
Russia	Hungary
Slovakia	

Regions / Key figures	Revenue	Revenue growth	Share of revenue
Europe	DKK 5,835m	11%	81%
The Americas	DKK 916m	50%	13%
Rest of the world	DKK 476m	16%	6%

Growth rates in local currencies

GEOGRAPHICAL MARKETS

SECONDARY SEGMENTS

Coloplast is a global business generating sales through subsidiaries and distributors in most parts of the world. The secondary segments consist of geographical markets and Coloplast's sales are divided into three regions: Europe, the Americas and the Rest of the World.

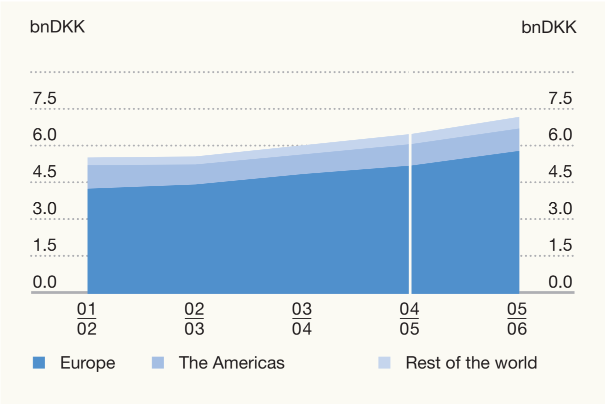
Europe has traditionally been the company's core market, its primary source of revenue and the base of its largest market shares. Coloplast has recently strengthened its position substantially, including in the US market, in part due to company acquisitions. The company is also winning market share in the Rest of the World region.

Europe

Coloplast is represented in Europe by a number of sales subsidiaries and representative offices. Coloplast is the European market leader in the markets for urology, continence and ostomy products, as well as breast forms.

European revenue was up by 11% in local currencies to DKK 5,835m. Exclusive of acquired operations, the increase was 7%. This was in line with last year's rate, but our revenue growth continued to outperform the market growth. The performance was affected by lower-than-expected sales of wound care and ostomy products.

Distribution of revenue



The important German market for ostomy products has stabilised following the implementation of the healthcare reform passed in 2003. Impacting sales, however, was a new competitor that appointed sales consultants from our German homecare company, HSC. Business conditions for HSC stabilised during the year, but growth was reduced relative to last year.

The Americas

Coloplast's subsidiaries in the USA, Canada, Argentina and Brazil handle sales to most of the markets in North and South America. Sales in other countries are handled by independent distributors. Net of the effects of acquired operations, revenue was up by 12% in local currencies to DKK 916m. Sales in the USA accounted for most of the sales in the region. Coloplast continues to expand its share of the US market for ostomy products, and sales growth was in line with expectations.

Coloplast retains its ambition for the ostomy business area to achieve a double-digit market share in the USA within a few years. The means of achieving this goal is to increase the share of new patients in hospitals and to enhance local access to Coloplast products.

The sale of Sterling Medical Services to the McKesson Corporation was completed in April 2006. As part of the sale, Coloplast and McKesson concluded a US market distribution agreement for Coloplast's ostomy and continence products. This agreement is an integral part of Coloplast's strategy to expand its distribution in the US market in support of the company's long-term strategy to become the global market leader.

An important part of Coloplast's strategy lies in leveraging on the collaborative relationships with US distributors and the company's greater sales force following the acquisition of the urology business in June 2006.

Following the acquisition of the urology business, Coloplast decided to relocate its US headquarters from Atlanta to Minneapolis. The twin cities of Minneapolis and St. Paul constitute a major US centre for medical devices and technology, and by relocating there Coloplast will be able to draw on the substantial supply of local talent with professional R&D, marketing and sales skills.

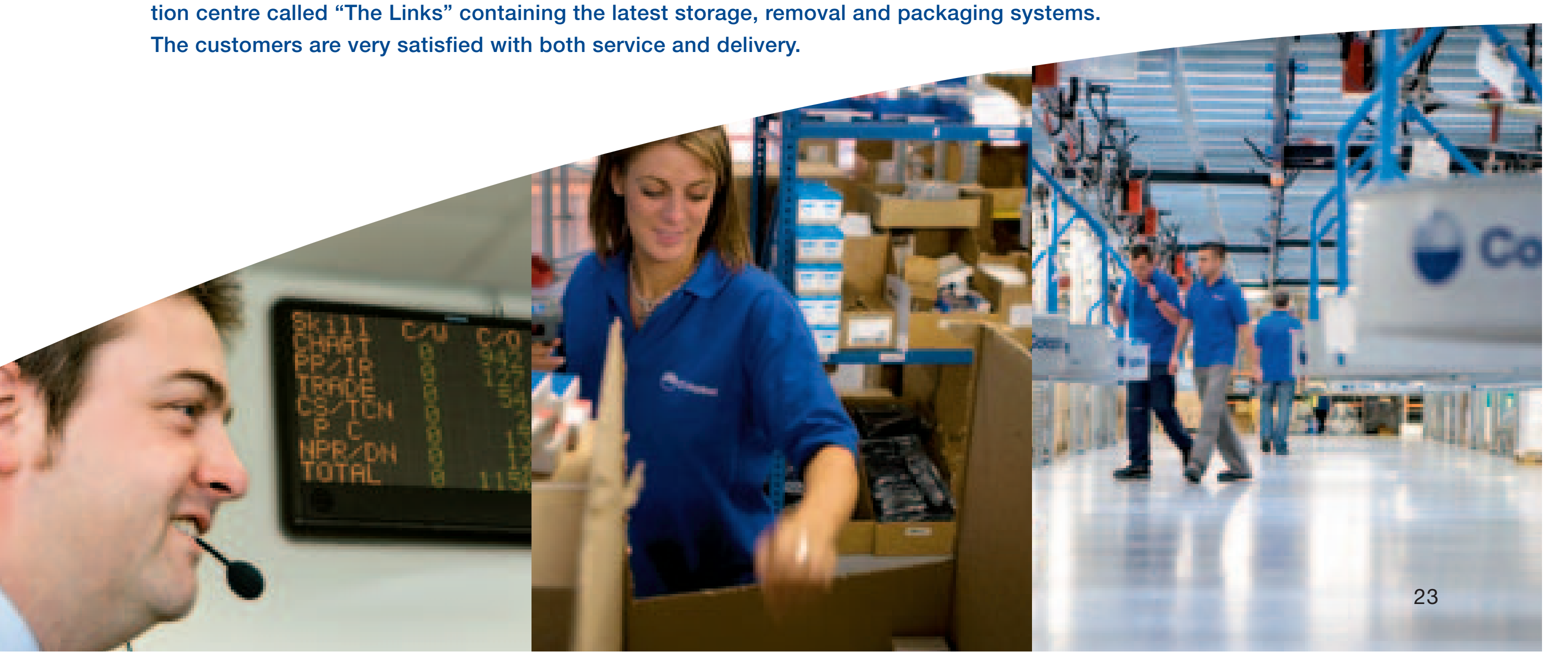
Rest of the World

Japan and Australia are the largest markets outside Europe and the Americas. Sales improved in the region, both through Coloplast sales subsidiaries and through independent distributors.

Revenue was DKK 476m, a 16% improvement in local currencies.

Coloplast makes regular investments to develop new markets, contributing to the training of nurses in Russia, among other things. Most markets in Asia are at the developing or maturing stage and projections for most markets of this region call for double-digit growth rates in all of Coloplast's business areas. Accordingly, the region offers substantial growth potential.

WORLD CLASS DISTRIBUTION CENTER IN UK. Coloplast's English subsidiary has a distribution centre called "The Links" containing the latest storage, removal and packaging systems. The customers are very satisfied with both service and delivery.



MANAGEMENT ISSUES

Organisation

In August 2006, Coloplast's Board of Directors announced a number of changes to the organisation, slimming the Executive Management from five to three members. The responsibility for the sales regions and the product divisions were consolidated with CCO Lars Rasmussen. Chief Executive Sten Scheibye took over corporate HR and Global Operations, while CFO Lene Skole took over business development, Corporate Procurement and Facility Management. Executive Vice President Christian Jørgensen has resigned and Executive Vice President Carsten Lønfeldt will be retiring from Coloplast in December 2006 after almost 20 years with the company. Most recently, Carsten Lønfeldt was in charge of the acquisition of Mentor's urology business.

Anne Mette Olesen was appointed senior vice president of the Urology and Continence division effective 1 September 2006, taking over from Svenn Poulsen who has resigned.

In August 2006, Bernd-Thomas Hohmann resigned as general manager of Germany and Central Europe. Kenneth Lynard, Director of the Shared Services Centre in Germany, has been named acting General Manager of Germany until a new General Manager for Germany and Central Europe can be found.

The number of employees increased by 961 during the year, bringing Coloplast's staff to 7,247, of which 4,898 work in international locations and 2,349 are based in Denmark.

Global Operations

Global Operations ensures efficient production and distribution of Coloplast products and supports the corporate strategy by bringing new products to as many customers as possible as quickly as possible. Global Operations has 3,100 employees at 12 factories and 22 distribution sites all over the world.

In 2005/06, Global Operations defined a new production strategy for the purpose of attaining world-class standards in our production processes within the next three years. Our ambition is to reduce overall unit costs by 5% per year.

The new strategy entails that manufacturing activities in Denmark will be gradually scaled down. A new 20,000 m^2 factory facility in Zhuhai, China is under construction. Another factory is being built in eastern Hungary. The first stage of this project, also for 20,000 m^2, is scheduled for completion in 2008. As a result, production currently based at the six Danish facilities will be consolidated at three sites.

Logistics

Inventories were reduced during the financial year, but we were unable to maintain the supply capacity at a satisfactory level. A number of initiatives taken have improved our logistics. The overall logistics costs-to-revenue rate was further reduced, bringing Coloplast close to achieving the target of being second to none in logistics within our peer group. Over the next couple of years, the Group's overall logistical efficiency will be impacted by the acquisition of the urology business and the many integration and efficiency-improvement initiatives taken.

The establishment of a new Corporate Procurement function is an important step in reducing external costs. The first of a number of cost-cutting and centralising initiatives were launched in the 2005/06 financial year. By structuring procurement in-house, we are able to optimise pricing across geographical markets and product categories.

Distribution

In 2005, Coloplast set up a European distribution centre in Hamburg, Germany. So far, the centre has replaced local distribution centres in Norway, Sweden, Denmark the Netherlands, Belgium, Germany, Austria and Switzerland. By centralising these activities, we intend to improve our supply capacity while also reducing costs.

Quality management and environmental affairs

Coloplast's facilities must comply with a number of regulatory requirements, including standards applying to quality management, environmental approvals and health and safety-at-work. We have therefore established corporate management systems complying with ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001. All Coloplast facilities are certified according to a quality management system. The facilities in the USA, China, Hungary, Germany and Denmark have obtained environmental certification and the Danish factories are certified to health and safety-at-work standards.

IT

The IT department pursued three core assignments during the financial year in addition to its ordinary operations: integrating IT systems in acquired businesses with Coloplast's standard systems, continuing the work to restructure the central ERP system in eight countries, and standardising Coloplast's global IT platform in order to achieve cost cuts.

Knowledge resources

We upgraded and further developed our management tools during the year, completing among other things a new in-house reporting system measuring the progress made in our 'strategy towards 2012' project. The objective is also to strengthen and create a more systematic approach to management's and our employees' knowledge about the company's value creation vis-à-vis our main stakeholders. Unlike previously, when the company published a set of initiative and results indicators in the form of a stakeholder report as part of the Annual Report, relevant topics are now discussed in the Management's Review.

Innovation

Coloplast has defined a target of generating at least 20% of revenue from new products each year. A product is defined as new, if it has been on the market for less than four years. In 2005/06, 18.2% of revenue was generated from new

SPORT MAKES ME FEEL FREE. "Sport makes me feel free. As a disabled person your physical condition can be instable and fragile but sport is good!", says Peter Marx. "I constantly feel progress due to my physical training. Even a slight increase of the muscles opens up for many new possibilities when you are confined to a wheelchair. Here, sport means something quite different and more. In the rugby chair I become whole again as a human being – here I do not need my legs."

products. Several key products were launched in 2005/06, which the company believes will restore sales of new products to more than 20% of revenue. These include the **SenSura** ostomy products and the **Biatain**-Ibu wound dressing. The target from 2007 onwards is to initiate at least ten major development projects. We aim to reduce the time to market to 25 months and to launch new products covering at least 70% of the global market potential during their first year on the market.

Coloplast Research conducts basic in-house research and materials development of adhesives, coating and biomaterials. Coloplast Research participates in a number of external collaborative alliances with universities, research institutions and businesses. One such project involves developing dressings with a built-in vaccine. The project has received a grant from the Danish National Advanced Technology Foundation. In the 2005/06 financial year, Coloplast spent 3.6% of revenue on R&D.

The Research Centre spent 11% of the total R&D expenditure, while the development departments of the individual business areas used the rest.

Medical devices can be CE marked and, accordingly, sold in Europe provided they comply with the EU medical devices directive, which is currently being revised. New regulations are expected to be approved by the end of 2006. We have worked to ensure that our development efforts can continue within the auspices of this EU directive. These efforts are based partly in Eucomed, the European industry organisation, partly through direct contact with EU decision-makers. A key priority for us has been to ensure that the so-called combination products continue to be regulated under the medical devices directive and not under the pharmaceuticals directive. Combination products are medical devices containing a pharmaceutical drug.

A good example of this type of product is **Biatain**-Ibu launched by Coloplast in the 2005/06 financial year. If combination products were to be governed under the pharmaceutical directive, it would increase time of development and costs substantially. The medical devices directive already supports patient safety, including for this type of product.

CORPORATE GOVERNANCE AT COLOPLAST

At least once a year, Coloplast's Board of Directors and Executive Management review the principles of corporate governance originating from legislation, custom and recommendation. Their review includes an assessment of the Company's business processes, the definition and implementation of the mission, the organisation, stakeholder relations, strategy, risks, business objectives and controls.

The Board of Directors determines the company's objectives, strategies and overall budgets and action plans. On behalf of the shareholders, the Board of Directors supervises the company's performance as well as its organisation and day-to-day management. The Board of Directors also sets guidelines for the Executive Management's execution of the day-to-day management of the company and for assigning tasks among the individual executives. No one person is a member of both the Coloplast Board of Directors and the Executive Management and no Board member is a former member of the Coloplast Executive Management.

Recommendations for corporate governance in Denmark

On 6 October 2005, the Copenhagen Stock Exchange published a decision to include corporate governance in the duty-to-disclose list of issues to be accounted for by listed companies.

The recommendations emphasise that explaining a non-compliance is just as legitimate as complying with a specific recommendation. The essential issue is to make company management structures transparent. Coloplast's Board of Directors and Executive Management share these views and follow this practice in reporting on corporate governance at Coloplast, as the reporting has been prepared in accordance with the recommendations' division into main sections and subsections.

The objective of the reporting

The company will account for attitudes and activities relating to corporate governance in its annual report at investor meetings and on the corporate website.

The purpose is:

- to increase the scope of information to the investors
- to increase shareholder and employee insight into the company's strategy, objectives and risks
- to increase stakeholder confidence in the company.

Description of corporate governance in Coloplast

1. The role of the shareholders and the interaction with the Management
2. The role of the stakeholders and the importance to the company
3. Openness and transparency
4. Duties and responsibilities of the Board of Directors
5. Composition of the Board of Directors
6. Remuneration of the members of the Board of Directors and the Executive Management
7. Risk management
8. Audit.

The following sections are extracts from the document 'Corporate governance at Coloplast' which you can see in full at the corporate website.

1. The role of the shareholders and the interaction with the management

Capital and share structure

The Board of Directors regularly reviews the company's capital structure, and considers whether it is consistent with the interests of the company and the shareholders. It also makes plans annually for the development of the capital and share structures. The assessment of the capital structure includes the company's credit rating and the potential for allocating a positive cash flow purchasing own shares or for increasing the pay-out ratio to the shareholders. The company's target going forward is to have net debt a 2-3½ times EBITDA.

Coloplast has two share classes: 3.6m class A shares entitling the holders to ten votes per A share and 44.4m class B shares entitling the holders to one vote per B share. Both share classes have the same unit price – DKK 5.00 per share. In 1983, Coloplast's class B shares were listed on the Copenhagen Stock Exchange while the class A shares remain non-negotiable instruments. Any change of ownership for class A shares will require the consent of the Board of Directors. The distribution of the shareholders in the different categories is stated annually in the annual report. The Board believes that this share structure has benefited Coloplast's development and that maintaining this structure will beto the benefit ofall the company's shareholders.

2. The role of the stakeholders and the importance to the company

The role of the stakeholders

An integral part of Coloplast's management philosophy is to achieve balanced value creation for the company's stakeholders both in the short and the long term. The management believes that such balance will also maximise value generation for the shareholders.

3. Openness and transparency

Investor relations

A policy has been established for the communication of information to shareholders and investors. According to this policy, the Executive Management and the corporate communications team are responsible for the flow of information pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by the Copenhagen Stock Exchange, comprising:

- Full-year, interim financial statements and the annual report
- Replies to inquiries from equity analysts, investors and shareholders
- Site visits by investors and equity analysts
- Presentations to Danish and foreign investors
- Capital markets days for analysts and investors
- Conference calls in connection with the release of financial statements
- Special investor section at Coloplast's corporate website.

4. Duties and responsibilities of the Board of Directors

Procedures

A set of procedures governs the work of Coloplast's Board of Directors. These procedures are reviewed annually by the full Board to ensure that they match current needs. The procedures set out guidelines for the activities of the Board of Directors including the supervision of the company's organisation, day-to-day management and results.

5. Composition of the Board of Directors

Committee of Directors

The Coloplast Board has not established any special committees. The Board believes that for a board the size of Coloplast's Board, the specific market conditions in which the company operates do not justify such committees. The Chairman prepares and organises the work of the Board of Directors, in some instances in cooperation with the Deputy Chairman, and the two of them thereby handle specific needs that on other company boards may be handled by special committees.

Assessment of the work performed by the Board of Directors and the Executive Management

At least every other year, the Board of Directors assesses its working proceures and method of approach. The practical assessment takes the form of a questionnaire which addresses issues like the overall competences of the Board members. The Chairman consults each individual Board member. Based on the assessment, the organisation and efficiency of the Board of Directors' work are discussed at a board meeting where any proposals for improvement are agreed.

6. Remuneration of the Board of Directors and the Executive Management

Remuneration policy

Members of the Board of Directors receive a fixed remuneration which is disclosed in the Annual Report. Board members are not awarded options and do not participate in other incentive schemes. Directors' fees are determined by the shareholders in general meeting. The specific terms of service applying to members of the Executive Management are reviewed annually by the Chairman and the Deputy Chairman. Such review includes a systematic assessment of developments in market practise. Remuneration to members of the Executive Management may consist of a fixed salary, a cash bonus, share options and pension contributions. The variable payments are determined relative to performance on the basis of objective criteria. For other staff groups, Coloplast's remuneration policy determines standards for compensation using fixed salary, bonus, share options and pension contributions.

Openness about remuneration

The remuneration of the Board members, the Chairman and the Deputy Chairman is approved by the company in general meeting and stated in the annual report. For executives, the remuneration including pension schemes and bonuses is published as an aggregate figure every year which the Board at present finds sufficient. Number and value of options is published on an individual basis. The service contracts concluded with the executives do not impose any unusual conditions or obligations on Coloplast.

Severance schemes

Pension benefits are paid to a retired company executive. When current executives leave the company, there will be no obligations apart from two years' pay.

7. Risk management

Openness about risk management

Coloplast's annual report includes a summary of the significant business risks and activities relating to these risks. The Company's corporate website includes an in-depth accountof this area.

8. Audit

The audit committee

The Coloplast Board has not established an audit committee, cf. the section on the use of board committees.

Internal control systems

At least once a year, the Board considers whether the internal control systems are adequate. The Board has assessed that the size and complexity of the company for the time being does not require that an internal audit function is established.

MANAGING BUSINESS RISKS

ENTERPRISE RISK MANAGEMENT

At Coloplast, risk management has been systematised under the designation Enterprise Risk Management (ERM). The purpose is to ensure an overview of all business risks through systematic identification, reporting and assessment of the way risks are handled by the organisation.

Purpose

The purpose of ERM at Coloplast is to ensure the achievement of Coloplast's short-term and long-term objectives by timely focus on conditions and events which may have a negative influence. Moreover, the Company's competences are assessed in order to ensure capabilities for handling risks and making improvements on an ongoing basis. The aim is to strengthen the organisation's ability to handle operational risk management, which is decentralised and rests with the day-to-day management of Coloplast's business units, so as to avoid risks, reduce risks and hedge risks.

Process

The risk scenario of the entire group is assessed annually. Each individual risk factor is assessed in detail to determine the likelihood of occurrence and potential consequences. Follow-up is made quarterly and significant risk factors are updated and compiled in a report to the ERM committee. The Executive Management, the Board of Directors and the parts of the organisation affected will act on the committee's conclusions and recommendations on an ongoing basis.

At Coloplasts corporate website the risk management and significant risk factors are described in more detail. The following listing is a summary of the information on our website.

Risk factors

Market

Coloplast's business is designed to interact with players in a market structure, including patient referral through healthcare systems. The organisation is in close contact with healthcare professionals and authorities in the individual markets with a view to being able to monitor developments and adjust activities to any changes in the market conditions.

Prices and regulation

The majority of Coloplast's products are sold at prices subsidised by the authorities. Changes in the national economies of individual markets may cause reductions of reimbursement rates. Therefore we carefully monitor the development of reimbursement rates and maintain a close dialogue with the relevant authorities and trade organisations.

Competition

Treatment regimes and product technologies are subject to continuous development. Over time, new trends may change the need for Coloplast's products and their design. We monitor trends in treatment and partner with leading specialists in all treatment and product areas.

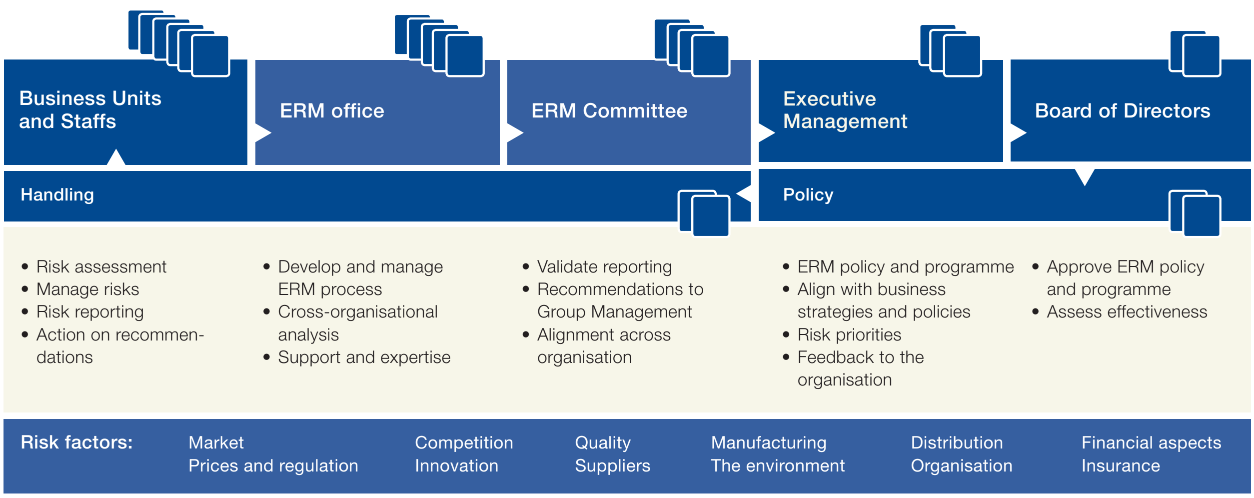
Distribution

In 2005/06 the newly established European Distribution Centre became fully operative. This means that Coloplast supplies many of its most important markets from this centre. In order to limit the vulnerability of the facility, special investments have been made in buildings and supply chain systems.

Financial aspects

Coloplast's internal policy for managing financial risks is updated annually and subsequently approved by the Board of Directors. The policy sets limits to the extent of financial risks and guidelines for financial transactions in general.

Risk Management governance and reporting structure



UN's GLOBAL COMPACT

THE GLOBAL COMPACT

In 2002, Goloplast signed up to the UN's Global Compact. Since then, Coloplast has reported on the work with the 10 principles in their annual report.

This year, we have chosen to describe the work with most recently introduced principle of Global Compact :

- Businesses should work against all forms of corruption, including extortion and bribery

Anti-corruption in Coloplast

Our approach to corruption and bribery is clear – we do not accept it. Nevertheless, we deal with situations in which it may be difficult to tell where to draw the line between right and wrong when habits and practise are considered.

Consequently, we prepared a code of conduct against corruption and bribery in 2006. It describes what we consider good business ethics and lays down the framework for how we wish to run our business. We have defined five overriding principles:

- We do not accept or solicit bribery of any kind
- We strongly discourage the use of facilitation payments
- We always act with moderation and never give or receive gifts above token value
- We make sure that our interaction with healthcare professionals always has a professional purpose
- We condone charitable donations – political donations are unacceptable.

These principles must also provide inspiration for constructive discussions on how we can counteract corruption and bribery both in-house and in connection with our business associates and other stakeholders.

The first step: Putting words into action

A folder on the topic has been published in several languages. The staff may find answers or take the challenge of considering the various dilemmas on Coloplast's Intranet. We have produced training material and initiated a training programme. An advisory service has been set up offering guidance on how to act in various situations. We seek dialogue with major stakeholders for the purpose of working proactively with this topic in future.

Corruption as a topic problem

Corruption in a society limits the freedom, inhibits growth and democratic development and spoils the free market. It is therefore also a threath to the business of Coloplast, our staff and the societies in which we operate. We wish to take part in actions against corruption.

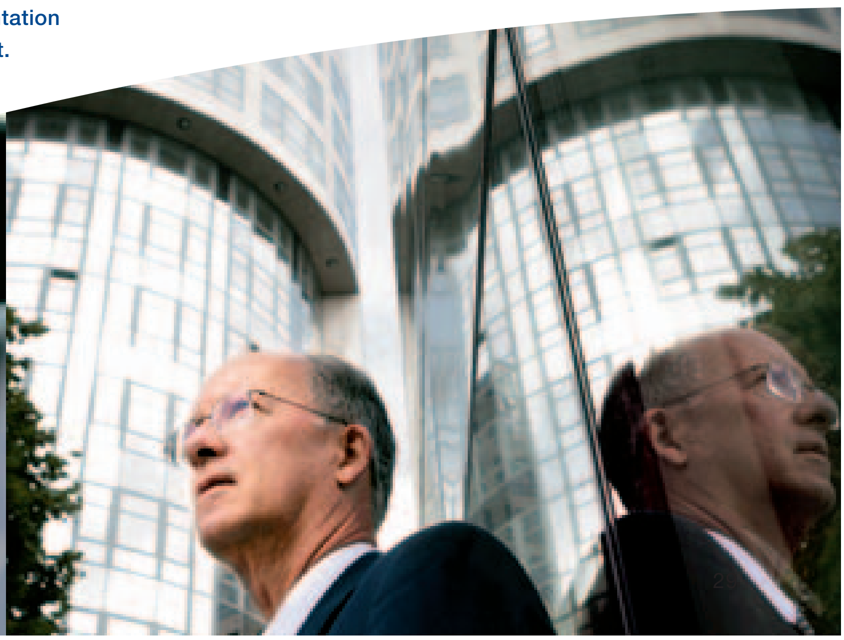
Sustainability indexes

Coloplast is included in the following sustainability indexes for shares: Dow Jones Sustainability World Indexes (DJSI World), Dow Jones STOXX Sustainability Indexes (DJSI STOXX), FTSE4Good and Kempen SNS Smaller Europe SRI Index.

FTSE4Good SRI Dow Jones Sustainability Indexes

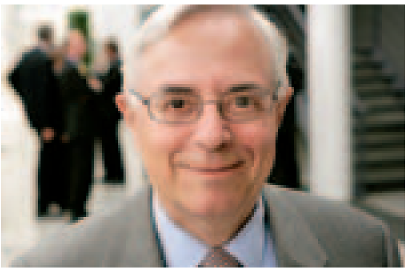
Read more at coloplast.com

CODE OF CONDUCT IS A GOOD BEGINNING. Coloplast visited Jermyn Brooks at Transparency International's secretariat in Berlin to discuss the practical implementation of "How to live the standards" in our Code of Conduct. Jermyn Brooks is a member of Transparency International's Board of Directors.



BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT


Erik Andersen


Palle Marcus


Michael Pram Rasmussen


Ingrid Wiik


Knud Øllgaard


Torsten Erik Rasmussen


Niels Peter Louis-Hansen


Per Magid


Lise Schachtschabel


Sten Scheibye


Carsten Lønfeldt


Lars Rasmussen


Lene Skole

MANAGEMENT ASSIGNMENTS

BOARD OF DIRECTORS

Chairman
Director
Palle Marcus (69)
BCom
11 years on the Board
Højgaard Ejendomme A/S (BM)
Knud Højgaards Hus EAS (BM)

Deputy Chairman
BCom
Niels Peter Louis-Hansen (59)
39 years on the Board
Aage og Johanne Louis-Hansens Fond (C)

Director, Supply Chain Governance
Erik Andersen (46)
BSc, BCom
4 years on the Board
Elected by the employees

Attorney
Per Magid (63)
22 years on the Board
Højgaard Ejendomme A/S (C)
Knud Højgaards Hus EAS (C)

President & CEO
Torsten Erik Rasmussen (62)
MBA
Morgan Management ApS
14 years on the Board
Amadeus Invest A/S (C)
uni-chains A/S (C)
Bang & Olufsen A/S (DC)
TK Development A/S (DC)
A/S Det Østasiatiske Kompagni (DC)
Vestas Wind Systems A/S (DC)
Acadia Pharmaceuticals A/S (BM)
Arvid Nilsson A/S (BM)
ECCO Sko A/S (BM)
NatImmune A/S (BM)
Outdoor Holding A/S (BM)
Schur International A/S (BM)
TKD Nordeuropa A/S (BM)
Uni-chains Holding A/S (BM)
Vola Holding A/S (BM)

Michael Pram Rasmussen (51)
LLM
1 year on the Board
A.P. Møller - Mærsk A/S (C)
Topdanmark A/S (C)
Topdanmark Forsikring A/S (C)
Mærsk Olie og Gas A/S (DC)
William Demant Holding A/S (BM)
Oticon A/S (BM)

Production worker
Lise Schachtschabel (42)
4 years on the Board
Elected by the employees

Ingrid Wiik (61)
MSc (Pharm)
3 years on the Board

Electrician
Knud Øllgaard (45)
16 years on the Board
Elected by the employees

EXECUTIVE MANAGEMENT

President, CEO
Sten Scheibye (55)
PhD, BCom
Novo Nordisk A/S (C)
Danske Bank A/S (BM)

Executive Vice President
Carsten Lønfeldt (59)
MCom
Alk-Abelló A/S (BM)
Kirkbi A/S (BM)
Polaris Management A/S (BM)

Executive Vice President, COO
Lars Rasmussen (47)
BSc (Eng), E*MBA
Bie & Berntsen A/S (BM)
Brødrene Hartmann A/S (BM)

Executive Vice President, CFO
Lene Skole (47)
BCom, Finance
DFDS (BM)

Members of the Board of Directors and Executive Management of Coloplast A/S have as per 15 November 2006 informed of their management responsibilities as stated above.

The CVs of the individual board members and executive directors are available in the Investor Relations section of Coloplast's website.

(C) Chairman of the Board
(DC) Deputy Chairman of the Board
(BM) Member of the Board

MANAGEMENT STATEMENT

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Coloplast A/S for 2005/06. The Annual Report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies applied appropriate. Accordingly, the Annual Report gives a true and fair view of the financial position at 30 September 2006 of the Group and the Parent Company as well as of the results of the Group and Parent Company operations and cash flows for the financial year 2005/06. We recommend that the Annual Report be adopted at the Annual General Meeting.

Humlebæk, 15 November 2006

Executive Management

Sten Scheibye
President, CEO

Carsten Lønfeldt
Executive Vice president

Lars Rasmussen
Executive Vice president, COO

Lene Skole
Executive Vice president, CFO

Board of Directors

Director
Palle Marcus
Chairman

B.Com
Niels Peter Louis-Hansen
Deputy Chairman

Director, Supply Chain Governance
Erik Andersen

Attorney
Per Magid

Michael Pram Rasmussen

CEO
Torsten Erik Rasmussen

Production Worker
Lise Schachtschabel

Ingrid Wiik

Electrician
Knud Øllgaard

AUDITORS' REPORT

To the Shareholders of Coloplast A/S

We have audited the Annual Report of Coloplast A/S for the financial year 2005/06, prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The Annual Report is the responsibility of Company Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of Opinion

We conducted our audit in accordance with Danish and international Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report.

An audit also includes assessing the accounting policies applied and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 30 September 2006 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 2005/06 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 15 November 2006

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug
State Authorised Public Accountant

John van der Weerd
State Authorised Public Accountant

ACCOUNTING POLICIES

Basis of preparation

The annual report for 2005/06 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements for listed companies.

Accounting policy changes

With effect from the 2005/06 financial year the Coloplast Group has implemented IFRS 2, under which share-based payments are measured at fair value and recognised in the income statement.

Previously, value changes of option schemes were taken to equity with no impact on the income statement.

For cash-settled schemes, the fair value of options vested during the period is recognised as staff costs, whereas the fair value adjustment of vested options from previous periods is recognised under financial items.

For equity-settled schemes, the fair value of options is determined at the time of grant. The option value is subsequently recognised over the vesting period as staff costs.

Option schemes granted before 30 September 2005 are treated as cash-settled schemes.

The Parent Company has also implemented IFRS 2 on share-based payments, IAS 27 on consolidation and IAS 28 on investment in associates. Consequently, the results and equity of the Group and the Parent Company will not be the same going forward.

In addition, a number of standards have been implemented with effect from the 2005/06 financial that have no impact on the amounts disclosed for the Group and the Parent Company*.

General

The annual report is prepared on the basis of the historical cost principle. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Assets are recognised on the balance sheet date when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognised on the balance sheet date when it is probable that future economic benefits will flow from the Group and the value of the liability can be reliably measured.

Recognition and measurement take into consideration gains and losses that arise before the annual report is released and that confirm or invalidate matters existing at the balance sheet date.

Financial assets and liabilities are recognised with effect from the date of transaction.

In connection with the practical usage of the accounting policies described, management has made estimates of the following items: Non-current assets, Inventories, Receivables and Provisions. Beyond cost-price allocation, no estimates have been made that have a major impact on the preparation of the annual report.

Foreign currency

The Group's functional currency is Danish kroner, DKK. Consequently, this currency is used as the measurement and presentation currency in the preparation of the annual report. Currencies other than Danish kroner are considered foreign currencies. To assist the readers, the consolidated financial statements have been translated into EUR. The translation was made at the exchange rate prevailing on 30 September 2006 745.76. At 30 September 2005, the DKK/EUR exchange rate was 746.24.

Consolidation and business combinations

The consolidated financial statements comprise Coloplast A/S (the Parent Company) and companies in which the Group holds more than 50% of the voting rights or otherwise exerts a controlling influence (subsidiaries).

The consolidated financial statements are prepared by adding the audited financial statements of the Parent Company and the individual subsidiaries, all of which are prepared in accordance with the Group's accounting policies. Intra-group transactions, balances, dividends and unrealised gains and losses on transactions between consolidated enterprises are eliminated.

Companies which are not subsidiaries but in which the group holds at least 20% of the voting rights or otherwise exercises a significant influence are regarded as associates. The Group's proportionate share of unrealised gains and losses on transactions between the consolidated companies are eliminated.

Newly acquired and sold companies are included in the consolidation in the period in which the Coloplast Group has control of the company.

Comparative figures are not restated to reflect newly acquired companies, but divested activities are shown separately as discontinued operations.

Acquisitions are accounted for using the purchase method, according to which the assets and liabilities of newly acquired companies are measured at fair value at the time of acquisition.

The excess value/goodwill on the purchase of a new company is calculated as the difference between the cost of the acquiree and the fair value of the consolidated companies' proportionate

Financial impact of changes in accounting policies

	Group				Parent			
	Before change		After change		Before change		After change	
	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06
Profit before tax	892	812	837	726	883	1,104	618	761
Equity	2,574	2,911	2,514	2,805	2,572	2,846	3,468	3,840
Earnings per Share (EPS) (A and B shares)	13	12	12	11	13	19	9	13
Earnings per Share (EPS) (A and B shares), diluted	13	12	12	11	13	19	9	13

* Standards implemented without any impact on the financial statements in 2005/06 are IAS 1,2,8,10,16,17,21,24,31,32,39,40 and the new IFRS 4,5 and 6. Other new or revised standards and interpretations that are relevant but have still not been implemented in the Group are not incorporated in this annual report. Such standards include IAS 1 in respect of information on capital management and IFRS 7 on information about financial instruments. It also applies to IAS 19, which allows actuarial gains and losses under specific conditions to be recognised directly in equity. The company does not have any plans to utilise this possibility. In addition, it applies to an amendment to IAS 39, which will lead to restrictions on the possibility of recognising financial instruments at fair value through the income statement. The company pursues a policy to the extent possible of not recognising fair value changes through the income statement. The changes to IAS 19 and IAS 39 standards will apply for the 2006/07 financial year, while IAS 1 and IFRS 7 will not apply until in 2007/08. None of the above-mentioned standards are expected to have any material impact on the Group's financial figures.

Adjustment of comparative figures 2005/06

	Group			Parent			
Amounts in mDKK	Former accounting policies	Share options	New IFRS accounting policies	Former accounting policies	Share options	Investments Group enterprises	New IFRS accounting policies
Revenue	7,227		7,227	3,293			3,293
Cost of sales	-2,882	-2	-2,884	-1,875	-1	-26	-1,902
Gross profit	**4,345**	**-2**	**4,343**	**1,418**	**-1**	**-26**	**1,391**
Distribution costs	-2,261	-7	-2,268	-346	-1		-347
Administrative expenses	-803	-13	-816	-248	-5		-253
Research and development costs	-263		-263	-232			-232
Other operating income	32		32	81			81
Other operating expenses	-13		-13	-8			-8
Separate items	-60		-60	0			0
Operating profit	**977**	**-22**	**955**	**665**	**-7**	**-26**	**632**
Income from investments in Group enterprises before tax				551		-551	0
Dividend from investments				0		276	276
Financial income	35		35	80			80
Financial expenses	-200	-64	-264	-192	-35		-227
Profit before tax	**812**	**-86**	**726**	**1,104**	**-42**	**-301**	**761**
Tax on profit for the year	-237	24	-213	-225	12	72	-141
Net profit for the period, continuing operations	**575**	**-62**	**513**	**879**	**-30**	**-229**	**620**
Net profit for the period, discontinued operations	102		102	0			0
Profit for the period	**677**	**-62**	**615**	**879**	**-30**	**-229**	**620**
Minority interests	-1		-1	0			0
Coloplast's share of profit for the period	**676**	**-62**	**614**	**879**	**-30**	**-229**	**620**
Investments in Group enterprises				695		1,186	1,881
Receivables from Group enterprises				1,191			1,191
Deferred tax asset	87	41	128	0			0
Investments	**96**	**41**	**137**	**1,888**	**0**	**1,186**	**3,074**
Assets	**7,941**	**41**	**7,982**	**6,617**	**0**	**1,186**	**7,803**
Equity	**2,911**	**-106**	**2,805**	**2,846**	**-61**	**1,055**	**3,840**
Provision for deferred tax	147		147	86	-23	131	194
Other payables	10	62	72	0	23		23
Non-current liabilities	**3,236**	**62**	**3,298**	**2,442**	**0**	**131**	**2,573**
Other payables	865	85	950	264	61		325
Current liabilities	**1,794**	**85**	**1,879**	**1,329**	**61**	**0**	**1,390**
Equity and liabilities	**7,941**	**41**	**7,982**	**6,617**	**0**	**1,186**	**7,803**

share of the net assets in the acquired subsidiary or associate at the time of acquisition.

In those cases where the fair value of assets or liabilities acquired subsequently turns out to be different from the values calculated at the time of acquisition, the excess value/ goodwill will be adjusted up to 12 months after the date of acquisition.

Goodwill arising in connection with the acquisition of a subsidiary or an associate is recognised in the balance sheet under intangible assets in the consolidated financial statements, and an impairment test is made at the end of each financial year. Goodwill arising from acquisitions of subsidiaries and associates before 1 October 2002 has been written off against equity.

Foreign currency translation

Transactions denominated in foreign currencies are translated into DKK at the exchange rate ruling at the transaction date. For practical purposes, the average rate of exchange for the period is used to reflect the exchange rate at the transaction date.

Monetary items denominated in foreign currencies are translated into DKK at the exchange rates ruling at the balance sheet date. Exchange adjustments arising as the difference between the exchange rates at the balance sheet date and the exchange rates at the transaction date of monetary items are recognised in the income statement as a financial item.

Purchases of fixed assets denominated in foreign currencies are translated into DKK at the transaction date.

The income statements of foreign independent subsidiaries are translated at the average exchange rates for the period and the balance sheets are translated at the exchange rates at the balance sheet date.

Foreign exchange adjustments arising in that connection are taken directly to equity under the exchange adjustment reserve.

Foreign exchange adjustments which in reality represent an addition to or a deduction from the subsidiary's equity are recognised in equity under the exchange adjustment reserve.

Foreign exchange adjustments of debt denominated in foreign currencies which hedge the net investment in a foreign subsidiary are recognised in equity under the exchange adjustment reserve.

On realisation of a net investment in a foreign subsidiary, exchange adjustments of the net investment and the hedging of the

Adjustment of comparative figures 2004/05

	Group			Parent			
Amounts in mDKK	Former accounting policies	Share options	New IFRS accounting policies	Former accounting policies	Share options	Investments Group enterprises	New IFRS accounting policies
Revenue	6,232		6,232	2,720			2,720
Cost of sales	-2,441	-2	-2,443	-1,645		-19	-1,664
Gross profit	**3,791**	**-2**	**3,789**	**1,075**	**0**	**-19**	**1,056**
Distribution costs	-1,851	-2	-1,853	-213	-1		-214
Administrative expenses	-688	-6	-694	-248	-2		-250
Research and development costs	-214	-1	-215	-192			-192
Other operating income	15		15	69		56	125
Other operating expenses	-16		-16	-9			-9
Separate items	-26		-26	-26			-26
Operating profit	**1,011**	**-11**	**1,000**	**456**	**-3**	**37**	**490**
Income from investments in Group enterprises before tax				477		-477	0
Dividend from investments				0		205	205
Financial income	48		48	75			75
Financial expenses	-167	-44	-211	-125	-27		-152
Profit before tax	**892**	**-55**	**837**	**883**	**-30**	**-235**	**618**
Tax on profit for the year	-287	15	-272	-290	8	132	-150
Net profit for the period, continuing operations	**605**	**-40**	**565**	**593**	**-22**	**-103**	**468**
Net profit for the period, discontinued operations	-10		-10	0			0
Profit for the period	**595**	**-40**	**555**	**593**	**-22**	**-103**	**468**
Minority interests	-2		-2	0			0
Coloplast's share of profit for the period	**593**	**-40**	**553**	**593**	**-22**	**-103**	**468**
Investments in Group enterprises				965		928	1,893
Receivables from Group enterprises				557		73	630
Deferred tax asset	136	24	160	0			0
Investments	**144**	**24**	**168**	**1,524**	**0**	**1,001**	**2,525**
Assets	**5,891**	**24**	**5,915**	**4,824**	**0**	**1,001**	**5,825**
Equity	**2,574**	**-60**	**2,514**	**2,572**	**-37**	**933**	**3,468**
Provision for deferred tax	61		61	57	-15	68	110
Other payables	0	57	57	0	35		35
Non-current liabilities	**2,044**	**57**	**2,101**	**1,467**	**20**	**68**	**1,555**
Income tax	130	-3	127	91			91
Other payables	603	30	633	228	17		245
Current liabilities	**1,273**	**27**	**1,300**	**785**	**17**	**0**	**802**
Equity and liabilities	**5,891**	**24**	**5,915**	**4,824**	**0**	**1,001**	**5,825**

net investments, which have been taken to equity, are transferred to the income statement as part of the gain.

Public grants

Public grants comprise grants for research, development and other investments.

Grants for investments are recognised as deferred income, which subsequently is recognised as income as the investment is amortised or depreciated and written down. Other grants are recognised as income in the income statement so that they correspond to the costs for which they compensate.

Pensions and similar plans

In defined contribution plans the Group makes regular payments of fixed contributions to independent pension funds and insurance companies. The Group is under no obligation to pay additional contributions.

Periodical payments to defined contribution plans are recognised in the income statement.

In defined benefit plans the Group is under an obligation to pay an agreed benefit on retirement. The actuarially computed present value less the fair value of any plan assets is recognised in the balance sheet under provision for pension and similar liabilities or pension assets in the balance sheet, and any changes in these are recognised in the income statement.

Minor changes in actuarial gains and losses which do not exceed 10% of the present value of the pension liabilities are not recognised in the financial statements.

Changes representing more than 10% of the present value of the pension liabilities, are recognised over the expected average remaining working period of the employees.

Share-based payment

Share options may be granted to Group Management and executives. The option scheme is covered through the holding of own shares.

For cash-settled schemes, the fair value of options vested during the period is recognised as staff costs, whereas the fair value adjustment of vested options from previous periods is recognised under financial items.

For equity-settled schemes, the fair value of options is determined at the time of grant. The option value is subsequently recognised over the vesting period as staff costs.

Option schemes granted before 30 September 2005 are treated as cash-settled schemes.

Derivative financial instruments

Derivative financial instruments are recognised in the balance sheet under accruals and prepayments and are adjusted continuously to fair value (repurchase value).

Adjustments of derivative financial instruments used to hedge expected future transactions are taken to the fair value reserve under equity. The reserve is recognised in the income statement on realisation of the hedged transactions.

If a derivative financial instrument used to hedge expected future transactions expires, is sold or no longer meets the criteria for hedging, any fair value reserve accumulated under equity will remain part of equity, until the hedged transaction is concluded. If the transaction is no longer expected to be concluded, any fair value reserve accumulated under equity will be transferred to the income statement.

Adjustments of the fair value of other derivative financial instruments are regularly recognised in financial items in the income statement.

Income statement

Revenue

Revenue comprises sales of goods and services after deduction of any price reductions, quantity discounts and cash discounts. Sales are recognised in the income statement in the year in which the risk for the goods passes to the customer or in which the service is rendered and the amounts can be reliably measured and are expected to be received.

Cost of sales

Cost of sales comprises the cost of goods and services sold during the year. Moreover, cost of sales includes the cost of quality control of goods sold and any writedown to net realisable value or impairment losses on unsaleable goods.

Distribution costs

Distribution costs comprise costs relating to the distribution and sales of goods and services, salaries of sales staff, advertising and exhibition expenses, amortisation and depreciation as well as other indirect costs.

Administrative expenses

Administrative expenses comprise expenses relating to administrative staff and management, including office expenses, salaries and amortisation and depreciation.

Research and development costs

Research and development costs comprise costs relating to the Group's research and development activities, including clinical studies, registration and maintenance of patents, amortisation and depreciation, and labour costs which are directly or indirectly attributable to the Group's research and development activities.

Research costs are recognised in the income statement as incurred.

Costs incurred in respect of development activities are recognised as intangible assets if the criteria for capitalising development costs are met. The amortisation of such development projects is included in research and development costs. However, most of the Group's development costs are recognised as an expense in the year in which they are incurred.

Other operating income and expenses

Other operating income comprises income of a secondary nature in relation to the Group's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other operating expenses comprise expenses of a secondary nature in relation to the Group's activities, including losses on sales of intangible assets and property, plant and equipment.

Separate items

Separate items comprise major income and costs of a nonrecurring nature. The items are shown separately to facilitate the comparability of the income statement and to provide a better picture of the operating results.

Income from investments in subsidiaries and associates

The Parent Company's income statement includes a share of the income from subsidiaries and associates in the financial year.

Financial income and expenses

Financial income and expenses comprise interest, financial costs relating to finance leases, realised and unrealised foreign exchange adjustments, options, fees, value adjustments of marketable securities and dividend received on shares recognised under marketable securities.

Tax

Coloplast A/S is jointly taxed with wholly owned Danish subsidiaries. Full allocation is made of the joint taxation income. The jointly taxed Danish companies are covered by the provisional tax scheme.

Additions, deductions and allowances relating to the provisional tax scheme are included in financial income and expenses.

Current tax on the net profit or loss for the year is recognised as an expense in the income statement together with any change in the provision for deferred tax. Tax on equity movements is taken directly to equity.

Full provision is made for deferred tax on the basis of all temporary differences in accordance with the balance sheet liability method. The differences arise between the tax base of assets and liabilities and their carrying amounts.

No provision is made for the tax that would arise from the sale of investments in subsidiaries if the investments are not expected to be disposed of within a short period.

Deferred tax is measured on the basis of the tax rates that are applicable or are expected to be applicable at the balance sheet date.

Deferred tax assets are recognised to the extent it is probable that a future positive taxable income will arise against which the temporary differences and tax loss can be offset. Deferred tax assets are measured at the expected net realisable value.

Minority interests

Minority interests comprise minority shareholders' share of profit or loss for the year.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is made on a straight line basis over the expected lives of the assets, which are:

Development projects	3-5 years
Software	3-5 years
Acquired patents, licences, trademarks and other rights	3-20 years

With regard to goodwill, an impairment test is made, cf section below on impairment losses.

For other intangible assets, the amortisation period is determined on the basis of management's best estimate of the expected economic lives of the assets. Only in those cases where the actual life of an intangible asset, eg. a patent, exceeds 5 years, the economic life and hence the period of amortisation will exceed 5 years.

Gains or losses on the disposal of intangible assets are measured as the difference between the selling price reduced by selling expenses and the carrying amount at the time of sale and are included in the income statement under other operating income or other operating expenses, respectively.

Development projects are recognised at the time when each individual projects is expected to be commercially exploited. Not until then will the directly associated costs be recognised as an intangible asset in the balance sheet if they can be measured reliably and there is sufficient certainty about the future earnings. Costs applied earlier in the development phase are recognised under Research and development costs in the balance sheet.

Borrowing costs are not included as part of cost.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquisition and expenses directly attributable to the acquisition until the asset is ready for use. In the case of assets manufactured by the company cost includes materials, components, subsupplier services, direct labour and indirect costs of sales.

Borrowing costs are not included as part of cost.

Assets held under a finance lease are measured in the balance sheet at the fair value or present value of future lease payments at the time of acquisition, if lower. The remaining lease obligation is capitalised and recognised in the balance sheet as a debt, and the interest element of the lease payment is recognised as an expense in the income statement. Assets held under a finance lease are depreciated like the Group's other property, plant and equipment.

Depreciation is provided over the expected useful lives of the assets. The expected useful lives are:

Buildings	25 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-7 years

Gains and losses on the sale or scrapping of property, plant and equipment are recognised in the income statement as other operating income and other operating expenses, respectively.

Investments

Investments in subsidiaries and associates are recognised and measured in the Parent Company's financial statements at cost less any impairment losses.

Other equity investments and securities, mainly comprising unlisted equity investments and the like, are recognised and measured at cost. Any writedown is made based on an individual evaluation of the expected cash flow from each investment. Receivables held until expiry are measured at amortised cost or a lower value based on an individual evaluation of the risk of loss. Receivables which are not held until expiry are measured at fair value.

Impairment losses

Goodwill is subject to an annual impairment test, while the carrying amount of other intangible assets, property, plant and equipment as well as investments measured at cost or amortised cost are measured if there is any indication of a diminution in value. If a writedown is needed, the carrying amount is written down to the higher of the net realisable value and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses are recognised as an expense in the same item as the associated amortisation or depreciation.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO principle. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and indirect costs of sales incurred. Borrowing costs are not recognised. Net realisable value is the expected selling price less the cost of completion and selling expenses.

Receivables

Receivables are mainly trade receivables and – in the case of the Parent Company – short-term receivables from subsidiaries. Receivables are recognised at the original invoice amount less impairment losses to counter the risks of loss calculated on the basis of individual evaluation.

Marketable securities

Securities recognised as current assets mainly comprise listed bonds and are measured at fair value and recognised in the income statement under financial items.

Cash

Cash, which is recognised as a current asset, primarily comprises bank deposits and cash at hand and is measured at fair value.

Equity

Dividend for the financial year is recognised in the balance sheet as a liability at the time a dividend resolution is adopted by the Annual General Meeting. Dividend proposed to be paid for the financial year is included in equity and disclosed in a note on equity. The purchase and selling price of as well as dividends on own shares are deducted or added, respectively, direct to equity.

Other provisions

Provisions are recognised when the Group has a legal or constructive obligation that arises from past events and it is probable that an outflow of the Group's financial resources will be required to settle the obligation.

The Group recognises a provision to replace products covered by a guarantee at the balance sheet date. This provision is calculated based on experience.

Short- and long-term liabilities

Debt is recognised when raised at the proceeds received less expenses paid and subsequently at amortised cost.

Cash flow statement

The consolidated cash flow statement, which is presented according to the indirect method, shows the Group's cash flows from operating, investing and financing activities as well as the Group's liquid reserves at the beginning and the end of the year. Liquid reserves comprise cash, marketable securities and short-term utilised credit facilities and are stated as current assets or short-term debt, respectively.

Cash flows from operating activities are calculated as Coloplast's share of the Group's results, adjusted for non-cash operating items, working capital changes as well as income taxes paid.

Cash flows from investing activities comprise purchases and sales of non-current assets as well as payments in connection with acquisitions and divestments of companies. Cash flows from financing activities comprise finance from the company's shareholders and raising of loans, repayments on interest-bearing debt as well as payment of dividend.

Segment information

Information is given about business segments and geographical market regions as primary and secondary segments, respectively. The segment information is given in accordance with the Group's internal financial reporting systems and the Group's accounting policies.

Until the 2004/05 financial year, the primary segment reporting was divided into business areas, covering Chronic Care (ostomy and continence) and the SBU segment (wound care, skin health and breast care).

With effect from the 2005/06 financial year, Coloplast has restructured its organisation so that the primary segment now comprises the Medical care divisions and Breast Care. Breast Care accounts for less than 10% of revenue, which means that Coloplast is not obliged to provide separate segment reports for that area.

There have been no changes to the secondary segment, which is still divided into sales in Europe, the Americas and the Rest of the world.

The comparative figures have been restated to reflect the new segmentation.

DEFINITIONS OF KEY RATIOS

Invested capital	Assets less cash, less marketable securities plus accumulated goodwill amortised before 1.10.2002 less non-interest-bearing debt, less provisions
Net interest-bearing debt	Long-term debt plus short-term part of long-term debt plus mortgage debt, less cash, less marketable securities
Profit margin, EBIT, %	Operating profit (EBIT) x 100 / Revenue
Return on average invested capital (ROAIC), %	Operating profit (EBIT) x 100 / Invested capital (average for four quarters)
Economic profit	EBITA plus profit from associates, etc. after tax, less cost of capital (average invested capital x weighted average cost of capital)
Return on equity, %	Coloplast's share of profit for the year x 100 / Equity (average for four quarters)
Ratio of net debt to EBITDA	Net interest-bearing debt / EBITDA
Interest cover	EBITDA / Net of interest income and expenses
Equity interest, %	Total equity x 100 / Total assets
Ratio of debt to enterprise value, %	Net interest-bearing debt x 100 / Net interest-bearing debt plus market capitalisation
Market capitalisation, DKK	Share quotation at year-end multiplied by total contributed capital (assuming the same price valuation for A and B shares)
Net asset value per share, DKK	Equity / Number of shares
Share price / Net asset value per share	Share quotation / Net asset value per share
PE, price/earnings ratio	Share quotation / Earnings per share, EPS
Pay-out ratio, %	Declared dividend x 100 / Coloplast's share of profit for the year
Earnings per share, EPS	Coloplast's share of profit for the year / Number of shares (average for four quarters)
Free cash flow per share	Free cash flow / Number of shares (average for four quarters)

The key figures have been calculated and applied in accordance with "Recommendations and Key Figures 2005" issued by the Danish Society of Financial Analysts.

INCOME STATEMENT

1 October 2005 - 30 September 2006

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Group mEUR 2005/06	Group mEUR 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
1	Revenue	7,227	6,232	969	835	3,293	2,720
2,3	Cost of sales	-2,884	-2,443	-387	-327	-1,902	-1,664
	Gross profit	**4,343**	**3,789**	**582**	**508**	**1,391**	**1,056**
2,3	Distribution costs	-2,268	-1,853	-304	-248	-347	-214
2,3,4	Administrative expenses	-816	-694	-109	-93	-253	-250
2,3	Research and development costs	-263	-215	-35	-29	-232	-192
2,3	Other operating income	32	15	4	2	81	125
2,3	Other operating expenses	-13	-16	-2	-2	-8	-9
5	Separate items	-60	-26	-8	-3	0	-26
	Operating profit	**955**	**1,000**	**128**	**135**	**632**	**490**
6	Dividend from investments					276	205
7	Financial income	35	48	5	6	80	75
8	Financial expenses	-264	-211	-36	-28	-227	-152
	Profit before tax	**726**	**837**	**97**	**113**	**761**	**618**
9	Tax on profit for the year	-213	-272	-29	-36	-141	-150
	Net profit for the period, continuing operations	**513**	**565**	**68**	**77**	**620**	**468**
10	Net profit for the period, discontinued operations	102	-10	14	-1	0	0
	Profit for the period	**615**	**555**	**82**	**76**	**620**	**468**
11	Minority interests	-1	-2	0	0	0	0
	Coloplast's share of profit for the period	**614**	**553**	**82**	**76**	**620**	**468**
12	Earnings per Share (EPS) (A and B shares)	11	12			13	9
12	Earnings per Share (EPS) (A and B shares), diluted	11	12			13	9
	Profit distribution:						
	Retained earnings					428	300
13	Proposed dividend for the year					192	168
	Total					**620**	**468**

The Board intends to propose to the Annual General Meeting that dividend for the year to be paid out as follows: DKK 4.00 per share.

BALANCE SHEET

At 30 September 2006

		Group mDKK		Group mEUR		Parent mDKK	
NOTE		2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
	ASSETS						
14,15	Acquired patents and trademarks	1,532	17	205	2	1,597	5
14,15	Goodwill	1,021	327	137	44	522	0
14,15	Software	127	147	17	20	76	78
14,15	Prepayments and assets in progress	25	5	3	1	14	0
	Intangible assets	**2,705**	**496**	**362**	**67**	**2,209**	**83**
14,16	Land and buildings	1,138	1,127	153	151	1	2
14,16	Plant and machinery	642	569	86	76	462	438
14,16	Other fixtures and fittings, tools and equipment	233	211	31	28	120	95
14,16	Prepayments and assets in progress	263	181	35	24	247	174
	Property, plant and equipment	**2,276**	**2,088**	**305**	**279**	**830**	**709**
17	Investments in Group enterprises					1,881	1,893
17	Receivables from Group enterprises					1,191	630
17	Investments in associates	2	2	0	0	0	0
17	Other investments	7	6	1	1	2	2
18	Deferred tax asset	128	160	18	21	0	0
	Investments	**137**	**168**	**19**	**22**	**3,074**	**2,525**
	Non-current assets	**5,118**	**2,752**	**686**	**368**	**6,113**	**3,317**
19	**Inventories**	**844**	**698**	**113**	**94**	**316**	**305**
	Trade receivables	1,598	1,224	215	164	126	113
20	Receivables from Group enterprises					1,125	1,125
	Receivables from associates	7	6	1	1	0	0
27	Income tax	68	0	9	0	39	0
	Other receivables	146	99	20	13	65	56
	Prepayments	52	37	7	5	2	2
21	**Receivables**	**1,871**	**1,366**	**252**	**183**	**1,357**	**1,296**
22	**Marketable securities**	**1**	**334**	**0**	**45**	**1**	**334**
	Cash and bank balances	**148**	**765**	**20**	**103**	**16**	**573**
	Current assets	**2,864**	**3,163**	**385**	**425**	**1,690**	**2,508**
	Assets	**7,982**	**5,915**	**1,071**	**793**	**7,803**	**5,825**

BALANCE SHEET

At 30 September 2006

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Group mEUR 2005/06	Group mEUR 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
	EQUITY AND LIABILITIES						
	Contributed capital	240	240	32	32	240	240
	Fair value reserve	-65	-109	-14	-15	-65	-109
	Proposed dividend for the year	184	162	26	21	184	162
	Retained earnings	2,445	2,219	332	298	3,481	3,175
23	**Equity before minority interests**	**2,804**	**2,512**	**376**	**336**	**3,840**	**3,468**
11	**Minority interests**	**1**	**2**	**0**	**0**	**0**	**0**
	Equity	**2,805**	**2,514**	**376**	**336**	**3,840**	**3,468**
24	Provision for pensions and similar liabilities	106	76	15	10	8	8
18	Provision for deferred tax	147	61	20	8	194	110
25	Other provisions	32	14	4	2	5	5
26	Mortgage debt	595	489	79	66	0	0
26	Other credit institutions	2,118	1,237	284	166	2,114	1,230
	Other payables	72	57	10	8	23	35
26	Deferred income	228	167	31	22	228	167
	Non-current liabilities	**3,298**	**2,101**	**443**	**282**	**2,572**	**1,555**
24	Provision for pensions and similar liabilities	11	4	1	1	1	1
26	Mortgage debt	51	5	7	1	0	0
26	Other credit institutions	226	67	30	9	92	6
	Trade payables	391	300	52	40	182	143
	Payables to Group enterprises					704	161
27	Income tax	148	127	21	17	0	91
	Other payables	950	633	127	85	325	245
	Deferred income	102	164	14	22	87	155
	Current liabilities	**1,879**	**1,300**	**252**	**175**	**1,391**	**802**
	Current and non-current liabilities	**5,177**	**3,401**	**695**	**457**	**3,963**	**2,357**
	Equity and liabilities	**7,982**	**5,915**	**1,071**	**793**	**7,803**	**5,825**

28 Financial instruments
29 Other liabilities
30 Contingent items
31 Transactions with related parties
32 Subsidies
33 Events occurring after the balance sheet date
38 Income statement, quarterly (unaudited)

STATEMENT OF CHANGES IN EQUITY

Group	Contributed capital		Reserve for	Reserve			
			exchange rate	for fair	Proposed	Retained	Equity
mDKK	A shares	B shares	adjustment	value	dividend	earnings	total
1.10.2004 - 30.9.2005							
Balance at 1.10.2004 as reported in annual report	18	222	-1	-39	140	2,017	2,357
Effect of changes in accounting policies						-20	-20
Restated value at 1.10.2004	18	222	-1	-39	140	1,997	2,337
Hedging against interest risks				-95			-95
Effect of hedging on deferred tax				26			26
Hedging against exchange rate risks				-2			-2
Effect of hedging on deferred tax				1			1
Net gain/loss not recognised in income statement	0	0	0	-70	0	0	-70
Tax value of loss on employee shares						2	2
Adjustment of opening balances and other adjustments relating to subsidiaries			4			2	6
Profit for the year					168	385	553
Total income for the year	0	0	4	-70	168	389	491
Own shares purchased						-208	-208
Own shares sold						32	32
Dividend on own shares					-6	6	0
Dividend paid out in respect of 2003/04					-140		-140
Balance at 30.9.2005	**18**	**222**	**3**	**-109**	**162**	**2,216**	**2,512**
1.10.2005 - 30.9.2006							
Balance at 1.10.2005 as reported in annual report 18	222	3	-109	162	2,276	2,572	
Effect of changes in accounting policies						-60	-60
Restated value at 1.10.2005	18	222	3	-109	162	2,216	2,512
Hedging against interest risks				57			57
Effect of hedging on deferred tax				-16			-16
Hedging against exchange rate risks				4			4
Effect of hedging on deferred tax				-1			-1
Net gain/loss not recognised in income statement	0	0	0	44	0	0	44
Exchange rate adjustment, assets in foreign currency						-75	-75
Adjustment of opening balances and other adjustments relating to subsidiaries			-21			-10	-31
Profit for the year					192	422	614
Total income for the year	0	0	-21	44	192	337	552
Own shares purchased and loss from exercised options						-98	-98
Own shares sold						0	0
Dividend on own shares					-8	8	0
Dividend paid out in respect of 2004/05					-162		-162
Balance at 30.9.2006	**18**	**222**	**-18**	**-65**	**184**	**2,463**	**2,804**

Free float shares at 30.9.2006 (units):	**A shares**	**B shares**
Issued shares	3,600	44,400
Holdings of own shares (note 23)	0	-1,891
Free float shares	**3,600**	**42,509**

Parent	Contributed capital		Reserve	Reserve for	Reserve			
			for equity	exchange rate	for fair	Proposed	Retained	Equity
mDKK	A shares	B shares	value	adjustment	value	dividend	earnings	total
1.10.2004 - 30.9.2005								
Balance at 1.10.2004 as reported in annual report	18	222	512	-1	-39	140	1,505	2,357
Effect of changes in accounting policies			-512	1			1,532	1,021
Restated value at 1.10.2004	18	222	0	0	-39	140	3,037	3,378
Hedging against interest risks					-95			-95
Effect of hedging on deferred tax					26			26
Hedging against exchange rate risks					-2			-2
Effect of hedging on deferred tax					1			1
Net gain/loss not recognised in income statement	0	0	0	0	-70	0	0	-70
Tax value of loss on employee shares							2	2
Adjustment of opening balances and other adjustments relating to subsidiaries							6	6
Profit for the year						168	300	468
Total income for the year	0	0	0	0	-70	168	308	406
Own shares purchased							-208	-208
Own shares sold							32	32
Dividend on own shares						-6	6	0
Dividend paid out in respect of 2003/04						-140		-140
Balance at 30.9.2005	**18**	**222**	**0**	**0**	**-109**	**162**	**3,175**	**3,468**
1.10.2005 - 30.9.2006								
Balance at 1.10.2005 as reported in annual report	18	222	619	3	-109	162	1,657	2,572
Effect of changes in accounting policies			-619	-3			1,518	896
Restated value at 1.10.2005	18	222	0	0	-109	162	3,175	3,468
Hedging against interest risks					57			57
Effect of hedging on deferred tax					-16			-16
Hedging against exchange rate risks					4			4
Effect of hedging on deferred tax					-1			-1
Net gain/loss not recognised in income statement	0	0	0	0	44	0	0	44
Adjustment of opening balances and other adjustments relating to subsidiaries							-27	-27
Profit for the year						192	428	620
Total income for the year	0	0	0	0	44	192	401	637
Own shares purchased and loss from exercised options							-103	-103
Own shares sold							0	0
Dividend on own shares						-8	8	0
Dividend paid out in respect of 2004/05						-162		-162
Balance at 30.9.2006	**18**	**222**	**0**	**0**	**-65**	**184**	**3,481**	**3,840**

CASH FLOW STATEMENT

1 October 2005 - 30 September 2006

		Group mDKK		Group mEUR		Parent mDKK	
NOTE		2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
	Operating profit continuing operations	955	1,000	128	135	632	490
	Operating profit discontinued operations	-4	-6	-1	-1	0	0
34	Adjustment for non-cash operating items	481	339	64	45	227	138
35	Changes in working capital	109	341	27	45	11	172
	Ingoing interest payments, etc.	25	57	3	8	74	77
	Outgoing interest payments, etc.	-255	-185	-34	-25	-198	-117
	Income tax paid	-320	-193	-42	-26	-148	-35
	Cash flow from operating activities	**991**	**1,353**	**145**	**181**	**598**	**725**
	Investments in intangible assets	-65	-103	-9	-14	-218	-24
	Investments in land and buildings	-23	-43	-3	-6	0	0
	Investments in plant and machinery	-174	-252	-23	-33	-250	-341
	Investments in tangible assets under construction	-218	-104	-29	-14	-73	77
	Fixed assets sold	93	74	12	10	51	146
	Investments in other investments	0	-6	0	-1	0	-2
	Divestment of operations	-2,853	0	-383	0	-1,966	0
	Acquired operations	222	0	30	0	0	0
	Investments in Group enterprises					-75	-158
	Dividend from Group enterprises					276	204
	Cash flow from investing activities	**-3,018**	**-434**	**-405**	**-58**	**-2,255**	**-98**
	Free cash flow	**-2,027**	**919**	**-260**	**123**	**-1,657**	**627**
	Dividend to shareholders	-162	-140	-22	-19	-161	-140
	Dividend to minority interests	-1	-5	0	-1	0	0
	Investment in own shares	-103	-176	-14	-23	-104	-176
	Financing from shareholders	**-266**	**-321**	**-36**	**-43**	**-265**	**-316**
	Financing through long-term borrowing, debt funding	1,055	0	115	0	946	0
	Financing through long-term borrowing, instalments and exchange rate adjustments	-7	-125	-1	-17	0	0
	Cash flow from financing activities	782	-446	78	-60	681	-316
	Net cash flow for the year	**-1,245**	**473**	**-182**	**63**	**-976**	**311**
	Liquid reserves at 1.10.2005	1,028	555	138	75	901	590
	Liquid reserves, acquired operations	89	0	0	0	0	0
	Cash flow for the year	-1,245	473	-182	63	-976	311
36	**Liquid reserves at 30.9.2006**	**-128**	**1,028**	**-44**	**138**	**-75**	**901**
37	Unutilised credit facilities	2,510	2,226	337	298	2,164	1,728
	Financial reserves at 30.9.2006	**2,382**	**3,254**	**293**	**436**	**2,089**	**2,629**

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

NOTES

1. Segment information

Primary segment - business activities

Group, 2005/06	Medical care + Breast care		Not allocated and eliminations		Total	
mDKK	**2005/06**	2004/05	**2005/06**	2004/05	**2005/06**	2004/05
Revenue	**7,227**	**6,232**	**0**	**0**	**7,227**	**6,232**
Operating profit for segment	1,318	1,262	-363	-262	955	1,000
Share of profit in associates before tax	0	0	0	0	0	0
Profit from ordinary activities before interest	1,318	1,262	-363	-262	955	1,000
Net financial expenses					-229	-163
Profit before tax					**726**	**837**
Tax on profit for the year					-213	-272
Net profit for the period, continuing operations					**513**	**565**
Net profit for the period, discontinued operations					102	-10
Profit for the period					**615**	**555**
Minority interests					-1	-2
Coloplast's share of profit for the period					**614**	**553**
Assets	7,399	4,442	581	1,471	7,980	5,913
Investments in associates	2	2	0	0	2	2
Assets, total					**7,982**	**5,915**
Liabilities	**1,502**	**1,149**	**3,675**	**2,252**	**5,177**	**3,401**
Fixed assets	4,686	2,458	432	294	5,118	2,752
Investment in fixed assets	3,292	432	72	76	3,364	508
Depreciation - property, plant and equipment	319	266	31	44	350	310
Amortisation - intangible assets	58	5	29	25	87	30

Secondary segment - geographical areas

Group, 2005/06					
mDKK	Revenue	Fixed assets	Capital expenditure	Liabilities	Assets, total
Europe	5,835	4,714	2,889	4,841	6,907
The Americas	916	364	458	253	815
Rest of the world	476	40	17	83	260
Total	**7,227**	**5,118**	**3,364**	**5,177**	**7,982**

Group, 2005/06					
mDKK	Revenue	Fixed assets	Capital expenditure	Liabilities	Assets, total
Europe	5,237	2,587	483	3,076	5,249
The Americas	582	132	23	203	448
Rest of the world	413	33	2	122	218
Total	**6,232**	**2,752**	**508**	**3,401**	**5,915**

Parent

See note 31 Transactions with related parties for information on the parent company's revenue.

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
2.	**Depreciation and amortisation**				
	Specification for the year:				
	Acquired patents and trademarks	46	3	42	1
	Software	41	27	29	26
	Land and buildings	89	86	0	0
	Plant and machinery	188	153	137	124
	Other fixtures and fittings, tools and equipment	73	71	35	34
	Total	**437**	**340**	**243**	**185**
	Depreciation and amortisation are allocated as follows:				
	Cost of sales	296	220	190	128
	Distribution costs	59	40	7	2
	Administrative expenses	42	48	12	23
	Research and development costs	26	16	20	15
	Other operating expenses	14	16	14	17
	Total	**437**	**340**	**243**	**185**
3.	**Staff costs**				
	Salaries, wages and directors' fees	2,117	1,839	936	863
	Pension costs - defined contribution plans (note 24)	83	78	71	65
	Pension costs - defined benefit plans (note 24)	4	7	0	2
	Other social security costs	220	192	17	16
	Total	**2,424**	**2,116**	**1,024**	**946**
	Staff costs are allocated as follows:				
	Cost of sales	752	670	562	568
	Distribution costs	1,113	957	126	90
	Administrative expenses	385	346	180	158
	Research and development costs	134	105	116	92
	Other operating expenses	40	38	40	38
	Total	**2,424**	**2,116**	**1,024**	**946**
	Average number of employees, full time equivalents	6,288	6,159	2,303	2,411
	Number of employees at 30.9., full time equivalents	7,220	6,181	2,344	2,284

The parent applies the Danish FTE calculation method.

	2005/06	2004/05
Specification of selected staff costs:		
Remuneration, Group Management	33*	13
Pension and pension contributions, Group Management	4	3
Directors' fees	4	4

Directors receive a fee of DKK 275,000 each.
The Chairman's fee is basic fee plus 175%, the Deputy Chairman's is basic fee plus 50%.

* The amount includes wages, bonus, severance payment, etc. (mDKK 16) for two executive vice presidents in connection with their leaving the company in 2006 and an extraordinary bonus to the Group Management in connection with the acquisition of Mentor's urology business.

Share options are not included in the above remuneration for the Group Management. Share options are specified in note 23.

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
4.	**Fees for auditors appointed by AGM**				
	Overall fees to PricewaterhouseCoopers	17	14	6	4
	Overall fees to Helge Bom A/S	0	0	0	0
	Total fee to other auditors	20	11	0	0
	Total	**37**	**25**	**6**	**4**
	Of which audit fees to - PricewaterhouseCoopers	9	7	2	2
	Of which audit fees to - Helge Bom A/S	0	0	0	0
	Of which audit fees to - other auditors	1	2	0	0
	Total	10	9	2	2
5.	**Separate items**				
	Separate items	60	26	0	26
	Total	**60**	**26**	**0**	**26**

Separate items in the 2005/06 financial year concern costs of relocating sales, marketing and joint functions in the USA to Minneapolis, Minnesota.
In 2004/05, the line item included non-recurring project costs related to an acquisition activity, which has now been discontinued.

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
6.	**Dividend from investments**				
	Dividend accrued from associates and Group enterprises	0	0	276	205
7.	**Financial income**				
	Interest income	26	34	18	26
	Interest income from Group enterprises			57	47
	Exchange rate adjustments	0	14	0	2
	Fair value adjustments transferred from equity (note 28)	5	0	5	0
	Other financial income	4	0	0	0
	Total	**35**	**48**	**80**	**75**
8.	**Financial expenses**				
	Interest expense	159	156	128	118
	Interest expense from Group enterprises			11	1
	Fair value adjustments, share options	64	44	35	27
	Exchange rate adjustments	37	0	53	0
	Fair value adjustments transferred from equity (note 28)	0	6	0	6
	Other financial expenses	4	5	0	0
	Total	**264**	**211**	**227**	**152**

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
9.	**Tax on profit for the year**				
	Tax on profit for the year	121	263	10	84
	Effect of change in tax rate	0	-2	0	-2
	Change in deferred tax on profit for the year	119	2	130	48
		240	263	140	130
	Adjustment relating to prior years	2	27	1	18
	Changes in accounting policies	0	-15	0	2
	Tax related to discontinued operations	-29	-3	0	0
	Total	**213**	**272**	**141**	**150**
	Specification of tax:				
	Tax on profit from ordinary activities	240	263	140	132
	Adjustment of tax for prior years	2	27	1	18
	Changes in accounting policies	0	-15	0	0
	Tax related to discontinued operations	-29	-3	0	0
	Total	**213**	**272**	**141**	**150**
	Tax on equity items	**18**	**-30**	**18**	**-30**
	Balancing of tax rate differences:				
	Danish tax rate, %	28	28	28	28
	Deviation in foreign subsidiaries' tax rate compared to Danish tax rate, %	-1	1	0	0
	Non-taxable income and non-deductible expenses, %	1	3	-9	-7
	Impairment of deferred tax assets, recognition of prior depreciated deferred tax assets and recognition of tax credit, %	1	-2	0	0
	Changes in accounting policies	0	-1	0	0
	Adjustment for prior years, %	0	3	0	3
	Effective tax rate, %	**29**	**32**	**19**	**24**

10. Discontinued operations

Business	Date of sale
Sterling Medical Services LLC	14.4.2006

The amount included 100% of the shares in Sterling Medical Services LLC.

	Group 2005/06	Group 2004/05	Parent 2005/06	Parent 2004/05
Profit for the period until transfer of control;				
Revenue	174	297		
Expenses	-178	-303		
Operating profit	**-4**	**-6**		
Financial expenses, net	-1	-1		
Profit before tax	**-5**	**-7**		
Tax on profit for the period	0	-3		
Profit for the period	**-5**	**-10**		
The discontinued operations affected the income statement as follows:				
Profit for the period until transfer of control	-5	-10		
Gain on sale of discontinued operations	136	0		
Tax on gain on sale	-29	0		
Effect on profit for the period	**102**	**-10**		

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
10.	**Discontinued operations (continued)**				
	The discontinued operations contributed the following cash flows during the period:				
	Cash flow from operating activities	-17	2		
	Cash flow from investing activities	-6	-13		
	Cash flow from financing activities	22	10		
	Cash flow from discontinued operations	**-1**	**-1**		
	Net carrying amount before disposal:				
	Intangible assets	37			
	Tangible assets	4			
	Inventories	19			
	Receivables	48			
	Current liabilities	-22			
	Net assets	**86**			
	Gain on sale of discontinued operations	136			
	Total selling price received in cash	**222**			
11.	**Minority interests**				
	Minority interests at 1.10.2005	2	5		
	Acquisitions	0	0		
	Share of net profit from subsidiaries	1	2		
	Dividend paid	-2	-5		
	Minority interests at 30.9.2006	**1**	**2**		
12.	**Earnings per share (EPS)**				
	Earnings per share reflects the ratio between profit for the year and the year's weighted average of issued, ordinary shares, excluding ordinary shares purchased by the Group and held as own shares (note 23).				
	Profit for the year (Coloplast A/S share net of discontinued operations)	513	565	620	468
	Weighted average of shares (million units)	46.3	46.8	46.3	46.8
	Earnings per share (DKK) (A and B shares)	11	12	13	9
	Earnings per share (DKK) (A and B shares), diluted	11	12	13	9
	Net profit for the period, discontinued operations	102	-10	0	0
	Earnings per share (DKK) (A and B shares)	2	0	0	0
	Earnings per share (DKK) (A and B shares), diluted	2	0	0	0

13. Dividend per share

At the annual general meeting due to be held on 13 December 2006, a proposal will be tabled for the distribution of dividend in respect of the 2005/06 financial year of DKK 4.00 per share of DKK 5 nominal value, or an aggregate payment of mDKK 184, corresponding to total dividends of mDKK 192 less dividend on own shares in the amount of mDKK 8.

In the 2004/05 financial year, dividend was DKK 3.50 per share of DKK 5 nominal value, or an aggregate payment of mDKK 162, corresponding to total dividends of mDKK 168 less dividend on own shares in the amount of mDKK 6.

14. Acquisitions

Group, 2005/06
mDKK

Company	Core business activity	Date of acquisition	Acquisition price
Mentor's urology business	Continence/Urology	2.6.2006	2,853

The acquisition includes all shares in the companies Mentor International LLC (Porgés group) and Mentor Medical Ltd.

	Mentor's urology business	
	Carrying amount prior to acquisition	Fair value on date of acquisition
Intangible assets	0	1,678
Property, plant and equipment	174	222
Inventories	230	332
Receivables	332	317
Provisions, including deferred tax	3	-11
Non-current liabilities	-56	-56
Current liabilities	-347	-347
Net assets	**336**	**2,135**

Goodwill	718
Total acquisition price	2,853
Cash funds in acquired business	89
Total cash amount paid	**2,942**

The acquisiiton price breaks down as follows	
Cash	2,773
Acquisition costs	80
Total	**2,853**

As a result of the business combination, Coloplast has resolved to divest its urisheath business in Great Britain. Consequently, Coloplast has signed an agreement with Rochester Medical Corp., under which Rochester acquires the rights to Mentor's urisheaths in Great Britain as at 2 June 2006.

The calculated goodwill represents the existing staff and know-how as well as expected synergies from the combination with the Coloplast Group.

The financial result before tax on the acquired urology business was a loss of mDKK 145.

Information about the combined revenue and the combined financial results at the beginning of the financial year is not available, because Mentor and Coloplast have different financial year and because separate financial statements were not prepared for Mentor's urology business, which was instead an integral part of the Mentor Corporation.

The acquisition price included a share of derivative financial instruments, representing mDKK 122 of the acquisition price, used to hedge the acquisition amount.

Of the total intangible assets, mDKK 2,033 was acquired by the parent company.

15. Intangible assets

Group, 2005/06 mDKK	Goodwill	Acquired patents and trademarks	Software	Intangible assets in progress	Total intangible assets
Total cost at 1.10.2005	327	29	266	5	627
Exchange rate and other adjustments	-26	-56	-1	0	-83
Disposal through divestment	0	0	-37	0	-37
Acquisition through acquired operations	720	1,680	36	0	2,436
Purchases and improvements during the year	0	0	40	25	65
Reclassification	0	0	5	-5	0
Disposals during the year	0	-63	0	0	-63
Total cost at 30.9.2006	**1,021**	**1,590**	**309**	**25**	**2,945**
Total amortisation at 1.10.2005	0	12	119	0	131
Exchange rate and other adjustments	0	0	0	0	0
Acquisition through acquired operations	0	0	22	0	22
Amortisation for the year	0	46	41	0	87
Amortisation reversed on disposals during the year	0	0	0	0	0
Total amortisation at 30.9.2006	**0**	**58**	**182**	**0**	**240**
Recognised value at 30.9.2006	**1,021**	**1,532**	**127**	**25**	**2,705**

Intangible fixed assets acquired from third parties
Management has performed an impairment test of the carrying amount of goodwill as per 30.9.2006. The impairment test did not result in impairment loss. In the impairment test, the net present value of cash flows was compared with the net asset value in each cash generating unit. Cash flows are based on budgets and strategy plans for the 2006/07 - 2010/11 financial years, and assumptions acquired in the last year are used to calculate the terminal value. Budgets and strategy plans are based on specific assumptions for each cash generating unit regarding sales, operating profit, working capital, investments in fixed assets, and more overall assumptions for the projection period.
Previously acquired goodwill relates mainly to the HomeCare business in Germany. The impairment tests conducted applied detailed budgets for the initial three year-period as apporved by management, according to which the market for medical devices is expected to grow by 5-7%, while assumptions of 3% sales growth are used for subsequent years.
Due to planned efficiency improvements in logistics and distribution and an assumption of unchanged working capital, the EBIT margin is expected to increase and be above the market growth and the cash flow is expected to improve. The tax rate for tax payable is 40%.
The weighted cost of capital of each cash-generating unit is used to discount future cash flows. In the impairment tests conducted, the average cost of capital was 6.8 % after tax (9.5% before tax).
Goodwill acquired on the acquisition of Mentor's urology business on 2 June 2006 is valued in accordance with the analyses and calculations performed in connection with the allocation of the acquisition price. The assumptions of the valuation are based on long-term targets for the Coloplast Group, including anticipated integration synergies and a stronger foundation for growth, especially in the USA.
The acquisition is expected to contribute favourably to economic profit after three full years and it supports the Coloplast group's long-term goals leading up to 2012.

15. Intangible assets

Group, 2004/05 mDKK	Goodwill	Acquired patents and trademarks	Software	Intangible assets in progress	Total intangible assets
Total cost at 1.10.2004	298	22	171	31	522
Exchange rate and other adjustments	1	0	2	-1	2
Purchases and improvements during the year	28	7	59	9	103
Reclassification	0	0	34	-34	0
Disposals during the year	0	0	0	0	0
Total cost at 30.9.2005	**327**	**29**	**266**	**5**	**627**
Total amortisation at 1.10.2004	0	9	88	0	97
Exchange rate and other adjustments	0	0	0	0	0
Amortisation for the year	0	3	31	0	34
Amortisation reversed on disposals during the year	0	0	0	0	0
Total amortisation at 30.9.2005	**0**	**12**	**119**	**0**	**131**
Recognised value at 30.9.2005	**327**	**17**	**147**	**5**	**496**

Management has conducted an impairment test of the book value of goodwill as per 30 September 2006. The impairment test did not result in impairment loss. In the impairment test, the net present value of cash flows was compared with the net asset value in each cash generating unit. Cash flows are based on budgets and strategy plans for the 2005/06 - 2009/10 financial years, and assumptions for the last year are used to calculate the terminal value. Budgets and strategy plans are based on assumptions for each cash generating unit regarding sales, operating profit, working capital, investments in fixed assets, and more overall assumptions for the projection period. The impairment tests conducted applied detailed management-approved budgets for the initial three year-period, according to which the market for medical devices is expected to grow by 5-7 %. In addition, expected changes in reimbursement prices are incorporated in the detail budgets and assumptions of 3% sales growth equal to the market growth are used for subsequent years.
Due to planned efficiency improvements in logistic and distribution and an assumption of unchanged working capital, EBIT margin is expected to increase and be above the market growth and the cash flow is expected to improve. The tax rate for tax payable is 40%. The weighted cost of capital of each cash-generating unit is used to discount future cash flows. In the impairment tests conducted, the average cost of capital was 6.8 % after tax (9.5% before tax).

15. Intangible assets

Parent, 2005/06 mDKK	Goodwill	Acquired patents and trademarks	Software	Intangible assets in progress	Total intangible assets
Total cost at 1.10.2005	0	13	179	0	192
Exchange rate and other adjustments	0	0	0	0	0
Acquisition through acquired operations	522	1,511	0	0	2,033
Purchases and improvements during the year	0	177	27	14	218
Disposals during the year	0	-54	0	0	-54
Total cost at 30.9.2006	**522**	**1,647**	**206**	**14**	**2,389**
Total amortisation at 1.10.2005	0	8	101	0	109
Exchange rate and other adjustments	0	0	0	0	0
Amortisation for the year	0	42	29	0	71
Amortisation reversed on disposals during the year	0	0	0	0	0
Total amortisation at 30.9.2006	**0**	**50**	**130**	**0**	**180**
Recognised value at 30.9.2006	**522**	**1,597**	**76**	**14**	**2,209**

Parent, 2004/05 mDKK	Goodwill	Acquired patents and trademarks	Software	Intangible assets in progress	Total intangible assets
Total cost at 1.10.2004	0	13	155	0	168
Exchange rate and other adjustments	0	0	0	0	0
Purchases and improvements during the year	0	0	24	0	24
Disposals during the year	0	0	0	0	0
Total cost at 30.9.2005	**0**	**13**	**179**	**0**	**192**
Total amortisation at 1.10.2004	0	7	76	0	83
Exchange rate and other adjustments	0	0	0	0	0
Amortisation for the year	0	1	25	0	26
Amortisation reversed on disposals during the year	0	0	0	0	0
Total amortisation at 30.9.2005	**0**	**8**	**101**	**0**	**109**
Recognised value at 30.9.2005	**0**	**5**	**78**	**0**	**83**

16. Property, plant and equipment

Group, 2005/06 mDKK	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepayments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2005	1,648	1,810	620	181	4,259
Exchange rate and other adjustments	-28	-46	-6	0	-80
Disposal through divestment	0	0	-6	0	-6
Acquisition through acquired operations	169	243	30	6	448
Reclassification	1	114	27	-142	0
Purchases and improvements during the year	23	89	85	218	415
Disposals during the year	-22	-26	-76	0	-124
Total cost at 30.9.2006	**1,791**	**2,184**	**674**	**263**	**4,912**
Total depreciation at 1.10.2005	521	1,241	409	0	2,171
Exchange rate and other adjustments	-5	-36	-4	0	-45
Disposal through divestment	0	0	0	0	0
Acquisition through acquired operations	54	168	22	0	244
Reclassification	0	0	0	0	0
Depreciation for the year	89	188	73	0	350
Depreciation reversed on disposals during the year	-6	-19	-59	0	-84
Total depreciation at 30.9.2006	**653**	**1,542**	**441**	**0**	**2,636**
Recognised value at 30.9.2006	**1,138**	**642**	**233**	**263**	**2,276**
Additions during the year include finance leases amounting to	0	0	4	0	4
Gross amount, fully depreciated Property, plant and equipement	0	824	127	0	951

According to the latest public assessment, the cash value of Danish land and buildings amounts to mDKK 697 (2004/05: mDKK 666). The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of mDKK 143 (2004/05: mDKK 78).The Group's mortgage loans have been secured against land and buildings in the amount of mDKK 646 (2004/05: mDKK 482).

Group, 2004/05 mDKK	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepayments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2004	1,642	1,507	583	284	4,016
Exchange rate and other adjustments	0	0	4	0	4
Reclassification	33	166	8	-207	0
Purchases and improvements during the year	43	174	78	104	399
Disposals during the year	-70	-37	-53	0	-160
Total cost at 30.9.2005	**1,648**	**1,810**	**620**	**181**	**4,259**
Total depreciation at 1.10.2004	451	1,110	369	0	1,930
Exchange rate and other adjustments	1	0	3	0	4
Reclassification	0	0	0	0	0
Depreciation for the year	87	153	73	0	313
Depreciation reversed on disposals during the year	-18	-22	-36	0	-76
Total depreciation at 30.9.2005	**521**	**1,241**	**409**	**0**	**2,171**
Recognised value at 30.9.2005	**1,127**	**569**	**211**	**181**	**2,088**
Additions during the year include finance leases amounting to	0	0	4	0	4

16. Property, plant and equipment

Parent, 2005/06 mDKK	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepayments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2005	3	1,259	266	174	1,702
Exchange rate and other adjustments	0	0	0	0	0
Reclassification	0	114	27	-141	0
Purchases and improvements during the year	0	70	39	214	323
Disposals during the year	-2	-99	-20	0	-121
Total cost at 30.9.2006	**1**	**1,344**	**312**	**247**	**1,904**
Total depreciation at 1.10.2005	1	821	171	0	993
Exchange rate and other adjustments	0	0	0	0	0
Reclassification	0	0	0	0	0
Depreciation for the year	0	137	35	0	172
Depreciation reversed on disposals during the year	-1	-76	-14	0	-91
Total depreciation at 30.9.2006	**0**	**882**	**192**	**0**	**1,074**
Recognised value at 30.9.2006	**1**	**462**	**120**	**247**	**830**
Gross amount, fully depreciated Property, plant and equipement	0	584	108	0	692

According to the latest public assessment, the cash value of Danish land and buildings amounts to mDKK 1 (2004/05: mDKK 4). The parent company has signed agreements with contractors for the supply of buildings, technical plant and machinery of mDKK 68 (2004/05: mDKK 76). The parent company's mortgage loans have been secured against land and buildings in the amount of mDKK 0 (2004/05: mDKK 0).

Parent, 2004/05 mDKK	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepayments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2004	354	1,177	256	257	2,044
Exchange rate and other adjustments	0	0	0	0	0
Reclassification	0	166	8	-174	0
Purchases and improvements during the year	0	141	26	97	264
Disposals during the year	-351	-225	-24	-6	-606
Total cost at 30.9.2005	**3**	**1,259**	**266**	**174**	**1,702**
Total depreciation at 1.10.2004	174	837	154	0	1,165
Exchange rate and other adjustments	0	0	0	0	0
Reclassification	0	0	0	0	0
Depreciation for the year	0	124	34	0	158
Depreciation reversed on disposals during the year	-173	-140	-17	0	-330
Total depreciation at 30.9.2005	**1**	**821**	**171**	**0**	**993**
Recognised value at 30.9.2005	**2**	**438**	**95**	**174**	**709**

17. Investments

Group, 2005/06

mDKK	Investments in associates	Other investments
Total cost at 1.10.2005	0	6
Capital investments during the year	0	1
Total cost at 30.9.2006	**0**	**7**
Revaluation at 1.10.2005	2	0
Profit from Group enterprises	1	0
Dividend received	-1	0
Total revaluation at 30.9.2006	**2**	**0**
Impairment at 1.10.2005	0	0
Adjustment at year-end exchange rates	0	0
Total impairment at 30.9.2006	**0**	**0**
Value of investments	**2**	**7**
Internal Group profit	0	0
Recognised value at 30.9.2006	**2**	**7**
Total assets	**2**	**0**

Group, 2004/05

mDKK	Investments in associates	Other investments
Total cost at 1.10.2004	0	16
Disposals during the year	0	-16
Capital investments during the year	0	6
Total cost at 30.9.2005	**0**	**6**
Revaluation at 1.10.2004	2	0
Profit from Group enterprises	1	0
Dividend received	-1	0
Total revaluation at 30.9.2005	**2**	**0**
Impairment at 1.10.2004	0	-16
Disposals during the year	0	16
Adjustment at year-end exchange rates	0	0
Total impairment at 30.9.2005	**0**	**0**
Set-offs in receivables, Group enterprises	0	0
Value of investments	**2**	**6**
Internal Group profit	0	0
Recognised value at 30.9.2005	**2**	**6**

17. Investments

Parent, 2005/06 mDKK	Investments in Group enterprises	Investments in associates	Receivables from Group enterprises	Other investments
Total cost at 1.10.2005	2,246	0	630	2
Capital investments during the year	-12	0	561	0
Total cost at 30.9.2006	**2,234**	**0**	**1,191**	**2**
Impairment at 1.10.2005	-353	0	0	0
Total impairment at 30.9.2006	**-353**	**0**	**0**	**0**
Recognised value at 30.9.2006	**1,881**	**0**	**1,191**	**2**

Parent, 2004/05 mDKK	Investments in Group enterprises	Investments in associates	Receivables from Group enterprises	Other investments
Total cost at 1.10.2004	2,091	0	532	2
Capital investments during the year	155	0	98	0
Total cost at 30.9.2005	**2,246**	**0**	**630**	**2**
Impairment at 1.10.2004	-353	0	0	0
Total impairment at 30.9.2005	**-353**	**0**	**0**	**0**
Recognised value at 30.9.2005	**1,893**	**0**	**630**	**2**

18. Deferred tax

	Group mDKK		Parent mDKK	
	2005/06	2004/05	2005/06	2004/05
Deferred tax, opening balance	-99	-73	110	11
Deferred tax, acquisition of operations	10	0	0	0
Effect of change in accounting policies	-5	-24	-67	53
Effect of change in tax percentage	0	-2	0	-2
Restatement, previous years	0	0	-7	0
Exchange-rate adjustment	5	-2	0	0
Change in deferred tax - charged to equity	-11	2	28	0
Change in deferred tax - charged to income statement	119	0	130	48
	19	-99	194	110
Of which, deferred tax asset	128	160	0	0
Provision for deferred tax	**147**	**61**	**194**	**110**
Calculation of deferred tax is based on the following items:				
Intangible assets	332	-6	367	-16
Property, plant and equipment	54	-8	11	7
Indirect cost of sales	39	44	23	20
Non-realised gain from the intra-group sales of goods	-78	-90	0	0
Jointly taxed companies	53		53	116
Tax losses carried forward and tax credits	-246		-207	0
Other	-135	-39	-53	-17
Total	**19**	**-99**	**194**	**110**

Tax losses carried forward

Deferred tax assets are recognised in tax losses carried forward, which correspond to income likely to be realised in the future.

	2005/06	2004/05
Tax loss expiring:		
within 1 year	3	4
within 1 to 5 years	7	22
in more than 5 years	424	389
Total	**434**	**415**
Deferred tax assets included in total	6	24
Temporary, deductible differences and unutilised tax deductions	**172**	**280**
Including deferred taxable assets	0	79
Not recognised tax deficit and temporary deductible differences	**600**	**592**

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
19.	**Inventories**				
	Raw materials and consumables	171	134	69	74
	Work in progress	179	131	110	115
	Manufactured goods	494	433	137	116
	Inventories	**844**	**698**	**316**	**305**
	Share of inventories representing indirect cost of sales	194	168	84	72
	Inventory write-downs during period	43	23	9	3

Cost of sales includes the year's cost of goods sold

The amount of inventories stated at net realisable value is insignificant, and the Group has not provided inventories as security for debt items.

NOTE		Group 2005/06	Group 2004/05	Parent 2005/06	Parent 2004/05
20.	**Receivables from Group enterprises**				
	Receivables from Group enterprises			1,125	1,125
	Total			**1,125**	**1,125**
21.	**Receivables**				
	Portion of receivables falling due after more than one year after the balance sheet date				
	Other long-term receivables	25	23	20	19

Most of the long-term receivables fall due within three years of the balance sheet date.
Rentesatsen på tilgodehavenderne er 0%.

	Group 2005/06	Group 2004/05	Parent 2005/06	Parent 2004/05
At the balance sheet date, provisions for bad debts amounted to	90	57	1	2

NOTE		Group 2005/06	Group 2004/05	Parent 2005/06	Parent 2004/05
22.	**Marketable securities**				
	Holdings of securities at 30.9.2006 consists mainly of Danish bonds with a duration of more than 3.	1	334	1	334

23. Equity investments

	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
Own shares	Number of B shares		% of B share capital		Nominal value B shares	
Holdings of own shares 1.10.2005	1,604,249	1,183,486	3.61%	2.67%	8,021,245	5,917,430
Acquired during the year	288,000	538,750	0.65%	1.21%	1,440,000	2,693,750
Sold during the year	-1,450	-117,987	0.00%	-0.27%	-7,250	-589,935
Holdings of own shares 30.9.2006	**1,890,799**	**1,604,249**	**4.26%**	**3.61%**	**9,453,995**	**8,021,245**

During the financial year, the company acquired own shares pursuant to authorisation from the shareholders in general meeting. The aggregate acquisition price of the shares was mDKK 104. Own shares are used mainly to hedge employee incentive schemes. The Group does not hold A shares.

	Nominal value	
Group Management and Director' holdings of Coloplast shares	A shares	B shares
Group Management	0	64,230
Directors	12,285,000	7,450,360
	12,285,000	**7,514,590**

Share options

Six share option programmes (B shares) have been set up for Group Management and senior managers.

Share options have effected the profit for the year as follows:	2005/06	2004/05
Employee costs - equity settled-programmes	3	0
Employee costs - cash settled-programmes	19	11
Financial costs - cash settled-programmes incl. exercised options	64	44
Total share option costs	**86**	**55**

Issued in	Number of employees	Number of share options	Share options lapsed	Share options exercised	Out-standing at 30.09.2006	Exercise price	Exercisable from	Exercisable no later than
November 2000	120	130,000	11,000	111,900	7,100	185.5	November 2001	31.12.2006
November 2000	120	130,000	16,200	91,400	22,400	196.5	November 2002	31.12.2007
November 2001	140	117,050	14,700	60,400	41,950	273	November 2003	31.12.2008
November 2001	140	117,050	17,200	50,500	49,350	289.5	November 2004	31.12.2009
December 2002	182	289,800	38,000	10,800	241,000	263.5	November 2006	31.12.2011
December 2003	191	279,960	23,200	11,900	244,860	266	November 2007	31.12.2012
December 2004	217	202,120	17,700	5,980	178,440	284	November 2008	31.12.2013
December 2005	209	177,625	5,575	3,875	168,175	332	November 2009	31.12.2014

From 2002 to 2005, option programmes were set up to cover the achievement of specific consolidated EP and EBIT targets. Where only one of the targets was achieved, 50% of the programme was awarded.

Coloplast has holdings of own shares to hedge the exercise of the share option programme, so the exercising of options does not impact the consolidated cash resources as a result of the purchase of Coloplast shares in the market.
The average share price at the exercise dates during the year was DKK 441.

The recognised carrying amount of the option schemes was mDKK 147 at 30 September 2006, while the fair value of the earned option schemes was mDKK 178.

Group Management's share of options issued is:

		November 2000	November 2001	December 2002	December 2003	December 2004	December 2005
Sten Scheibye	Allocated	10,000	9,000	8,400	8,000	5,000	4,000
	Exercised	10,000	0	0	0	0	0
Carsten Lønfeldt	Allocated	8,000	7,000	6,000	5,700	3,650	3,000
	Exercised	4,000	3,500	0	0	0	0
Lars Rasmussen	Allocated	5,000	7,000	6,000	5,700	3,650	3,000
	Exercised	0	7,000	0	0	0	0
Lene Skole	Allocated						3,000
	Exercised						0

At 30 September 2006 the fair value of options held by Group Management was mDKK 15.

The value of the options calculated at the time of grant (calculated using the Black & Scholes formula) does not exceed two months' pay.
Calculation of the fair value of the options is based on the following assumptions:
The interest rate applied is the Danish government bond yield.
Volatility in the share is calculated as monthly averages (end to end) over five years.
On average, the share options are exercised one year into the exercise period.

24. Provisions for pensions and similar liabilities

Defined contribution plans

The Group offers pension plans to certain groups of employees in Denmark and abroad. Most of the pension plans are defined contribution plans. The Group funds the plans through regular payments of premiums to independent insurance companies responsible for the pension liabilities towards the beneficiaries. Once the pension payments for defined contribution plans have been made, the Group has no further liabilities towards existing or retired employees. Payments for defined contribution plans are recognised in the income statement when paid. In 2005/06, mDKK 83 (2004/05: mDKK 78) was recognised.

Defined benefit plans

For certain groups of employees in foreign subsidiaries the Group has signed agreements to pay defined benefits, including pension payments. These liabilities are not or are only partly covered by insurance. Uncovered liabilities are recognised in the balance sheet and in the income statement as indicated below. The figures below include liabilities regarding the post-service remuneration scheme applicable to Board members prior to the amendment to the Articles of Association adopted at the Annual General Meeting in 2002.

	Group mDKK		Parent mDKK	
	2005/06	2004/05	2005/06	2004/05
Amounts recognised in the balance sheet are as follows:				
Present value of financed liabilities	199	168	0	0
Fair value of assets	-154	-126	0	0
	45	**42**	**0**	**0**
Present value of non-financed liabilities	84	36	9	9
Unrecognised actuarial gains and losses	**-12**	**2**	**0**	**0**
Liability stated in balance sheet	**117**	**80**	**9**	**9**
Amounts recognised in the income statement are as follows:				
Current service costs	12	9	0	2
Interest costs	10	6	0	0
Terminated pension schemes	-9	0	0	0
Expected returns from assets	-9	-8	0	0
Total amount recognised as staff costs (note 3)	**4**	**7**	**0**	**2**
Actual returns on assets amounted to	12	17	0	0
Changes in liabilities recognised in the balance sheet:				
Liability 1.10.2005	80	83	9	7
Transferred from other provisions	0	1	0	0
Additions through acquired operations	47	0	0	0
Exchange rate adjustments	-1	2	0	0
Total cost, as indicated above	4	7	0	2
Contribution from employees	0	1	0	0
Benefits paid out	-13	-14	0	0
Liability 30.9.2006	**117**	**80**	**9**	**9**
Short-term liability amounted to	11	4	1	1
The key actuarial assumptions are as follows (weighted average):				
Discount rate, %	4	4	1	1
Expected returns from assets, %	2	3	0	0
Future salary increases, %	3	2	0	0
Future pension benefit increases, %	2	2	5	5

25. Other provisions

Group, 2005/06 mDKK	Warranties	Legal claims	Others	Total
Provisions at 1.10.2005	3	5	6	14
Additional provisions	1	2	20	23
Acquisition through acquired operations	0	0	0	0
Disposals through divestment	0	0	0	0
Unused amounts reversed	-2	0	0	-2
Charged to the income statement	-1	2	20	21
Used during the year	0	0	-3	-3
Provisions at 30.09.2006	**2**	**7**	**23**	**32**

Parent, 2005/06 mDKK	Warranties	Legal claims	Others	Total
Provisions at 1.10.2005	0	5	0	5
Additional provisions	0	0	0	0
Acquisition through acquired operations	0	0	0	0
Unused amounts reversed	0	0	0	0
Charged to the income statement	0	0	0	0
Used during the year	0	0	0	0
Provisions at 30.9.2006	**0**	**5**	**0**	**5**

Legal claims

The amounts are gross amounts relating to certain legal claims. Having consulted external legal experts, the management believes that any losses resulting from these legal claims will not exceed the provisions made.

26. Mortgage debt

	Group mDKK 2005/06	Group mDKK 2004/05
Falling due in:		
less than 1 year	277	72
1 to 5 years	43	39
more than 5 years	2,670	1,687
Total	**2,990**	**1,798**

Mortgage loans have been secured against land and buildings in the amount of mDKK 646.

Net interest-bearing debt including swap facility at 30.9.2006

	2005/06	2004/05
Mortgage debt	646	494
Other credit institutions	2,344	1,304
Marketable securities	-1	-334
Bank balances	-148	-764
Deferred income items	228	167
Total	**3,069**	**867**

The fair value of net interest-bearing debt is mDKK 3,070, of which mDKK 3,069 has been recognised in balance sheet.
The difference in value is the difference between the market value of the mortgage and the outstanding debt.
The deferred income item represents refinancing via a swap facility.

Specification of currency split and interest structure for net interest-bearing debt:

Principal in mDKK/ Interest rate pa		USD	Rate %	GBP	Rate %	EUR	Rate %	DKK	Rate %	Others	Rate %	Total 05/06	Total 04/05
Less than 1 yr	Receivables	-30	0-1	-23	0-3	-62	0-2	-4	0-3	-29	1-6	-148	-764
	Payables	25	5	34	1-7	100	2-5	6	5	112	3-5	277	72
	Swap											0	0
Total, less than 1 yr		-5		11		38		2		83		129	-692
1 to 5 yrs	Receivables					-1	0					-1	-334
	Payables					14	3-5	25	5	4	5	43	39
	Swap											0	0
Total, 1 to 5 yrs		0		0		13		25		4		42	-295
More than 5 yrs	Receivables											0	0
	Payables	1,178	5			854	5-6	638	4-5			2,670	1,687
	Swap	-1,178	5			1,406	5					228	167
Total, more than 5 yrs		0		0		2,260		638		0		2,898	1,854
Total 2005/06		-5		11		2,311		665		87		3,069	
Total 2004/05		-9		-25		1,460		-526		-33			867

The parent company has a fixed-interest loan of mUSD 200, raised as a private placement and with a remaining duration of 7 years, and a club facility of mEUR 100 with a duration of 5 years. The loans have been converted into a fixed-interest EUR-denominated loans through bank swaps.
Coloplast policy is for at least 25% of loans to carry fixed-interest. At the balance sheet date, 85% of loans carried fixed interest.

26. Mortgage debt (continued)

	Parent mDKK 2005/06	Parent mDKK 2004/05
Falling due in:		
Less than 1 year	92	6
1 to 5 years	0	0
more than 5 years	2,114	1,230
Total	**2,206**	**1,236**

Net interest-bearing debt including swap facility at 30.9.2006

	2005/06	2004/05
Mortgage debt	0	0
Other credit institutions	2,206	1,236
Interest-bearing payables to Group enterprises	704	161
Interest-bearing receivables from Group enterprises	-2,316	-1,755
Marketable securities	-1	-334
Bank balances	-16	-573
Deferred income items	228	167
Total	**805**	**-1,098**

The fair value of net, interest-bearing debt is mDKK 805, of which mDKK 805 is recognised in the balance sheet.
The deferred income item represents refinancing via a swap facility.

Specification of currency split and interest structure for net interest-bearing debt:

Principal in mDKK/ Interest rate pa		USD	Rate %	GBP	Rate %	EUR	Rate %	DKK	Rate %	Others	Rate %	Total 05/06	Total 04/05
Less than 1 yr	Receivables	-45	3-5	-101	5-6	-558	3-5	-21	2-3	-536	1-16	-1,261	-1,698
	Payables	43	3-5	16	4-6	443	3-5	85	2-3	209	3-16	796	166
	Swap											0	0
Total, less than 1 yr		-2		-85		-115		64		-327		-465	-1,532
1 to 5 yrs	Receivables	-49	5-6	-136	6	-89	3-4					-274	-920
	Payables											0	-5
	Swap											0	0
Total, 1 to 5 yrs		-49		-136		-89		0		0		-274	-925
More than 5 yrs	Receivables	-210	5-6	-57	6	-515	3-4			-16	4-5	-798	-44
	Payables	1,178	5			736	5	200	2-3			2,114	1,236
	Swap	-1,178	5			1,406	5					228	167
Total, more than 5 yrs		-210		-57		1,627		200		-16		1,544	1,359
Total 2005/06		-261		-278		1,423		264		-343		805	
Total 2004/05		-213		-236		921		-1,113		-457			-1,098

The parent company has a fixed-interest loan of mUSD 200, raised as a private placement and with a remaining duration of 7 years, and a club facility of mEUR 100 with a duration of 5 years. The loans have been converted into a fixed-interest EUR-denominated loans through bank swaps.

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
27.	**Income tax**				
	Opening balance	127	61	91	53
	Payable tax on acquired operations	138	0	0	0
	Adjustment for exchange rate changes	0	1	0	0
	Adjustment, prior years	-4	24	8	18
	Tax on profit for the year	121	263	10	84
	Tax on equity items	18	-29	18	-29
	Tax on equity items, transferred to deferred tax	0	0	-18	0
	Tax paid during the year	-320	-193	-148	-35
		80	127	-39	91
	Of which receivable income tax	68	0	39	0
	Income tax balance at 30.9.2006	**148**	**127**	**0**	**91**

Parent, 2005/06
mDKK

28. Derivative financial instruments

All derivative financial instruments are managed and controlled by the parent company. Accordingly, the information provided in note 28 applies to both the parent company and to the Group. It is Coloplast's policy to hedge recognised positions and the future cash flows in foreign currencies for up to 18 months.

Equity - reserve for fair value

	Interest instruments	Forward contracts	Total
Gains and losses on restatement at fair value	-152	0	-152
Deferred tax	43	0	43
Balance at 1.10.2005	-109	0	-109
Changes in 2005/06:			
Gains and losses resulting from changes in fair value	57	9	66
Deferred tax	-16	-3	-19
	41	6	47
Transferred to income statement	0	5	5
Deferred tax	0	-2	-2
	0	3	3
At 30.9.2006, the fair value reserve amounts to	**-68**	**3**	**-65**
Representing:			
Gains and losses, gross	-95	4	-91
Deferred tax	27	-1	26
Balance at 30.09.2006	**-68**	**3**	**-65**

28. Derivative financial instruments (continued)

Parent, 2005/06
mDKK

Holdings of derivative financial instruments

mDKK	Amount of contract	Loss/gain when stated at mkt. value at 30.09.2006	Amount incl. in Income statement for 2005/06	Transferred to Reserve for fair value	Expiry period
Forward exchange contracts outstanding at 30.09.2006 to hedge future cash flows					
USD	75	-1	0	-1	Nov. 2006 - Dec. 2006
GBP	291	1	0	1	Oct. 2006 - Nov. 2006
EUR	158	0	0	0	Nov. 2006
JPY	61	1	0	0	Oct. 2006 - Feb. 2007
Others	176	2	0	0	Oct. 2006 - Dec. 2006
Total	**761**	**3**	**0**	**0**	
Other forward exchange contracts outstanding at 30.09.2006					
USD	228	-1	-1	0	Nov. 2006 - Jan. 2007
GBP	541	3	3	0	Oct. 2006 - Nov. 2006
JPY	30	0	0	0	Oct. 2006 - Dec. 2006
Others	141	1	1	0	Oct. 2006 - Nov. 2006
Total	**940**	**3**	**3**	**0**	
Currency and interest swaps at 30.9.2006 to hedge future cash flows					
USD/EUR	1,178	-91	-61	-91	Aug. 2011 - Apr. 2013
Total	**1,178**	**-91**	**-61**	**-91**	

Forward exchange contracts are used to hedge future net cash flows in foreign currencies for up to about eight months.

29. Other liabilities

Group	mDKK 2005/06				mDKK 2004/05			
Falling due in:	Operating leases	Rent	Other	Total	Operating leases	Rent	Other	Total
less than 1 year	21	73	14	108	18	57	10	85
1 to 5 years	21	118	38	177	15	183	5	203
more than 5 years	11	20	9	40	1	143	9	153
Total	**53**	**211**	**61**	**325**	**34**	**383**	**24**	**441**

Operating lease payments included in income statement account for mDKK 18 (2004/05 mDKK 24).

Operating leases represent primarily leasing of cars, and there are no purchasing rights attaching to operating leases.

Parent	mDKK 2005/06				mDKK 2004/05			
Falling due in:	Operating leases	Rent	Other	Total	Operating leases	Rent	Other	Total
less than 1 year	1	6	0	7	2	7	0	9
1 to 5 years	1	10	0	11	2	9	0	11
more than 5 years	0	4	0	4	0	5	0	5
Total	**2**	**20**	**0**	**22**	**4**	**21**	**0**	**25**

NOTE

30. Contingent items

At 30 September 2006, the parent company had provided guarantees for loans raised by Group enterprises and associates amounting to mDKK 425 (2004/04 mDKK 425).

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

31. Transactions with related parties

Related parties to the Coloplast Group include members of the Board of Directors and the Group Management, main shareholders of the parent company, Coloplast A/S, and the Group's associates.

Related parties to the parent company include members of the parent company's Board of Directors and Management, as well as Group enterprises and associates.

The Coloplast Group and the Parent Company have had the following material transactions with related parties:

	Group mDKK		Parent mDKK	
	2005/06	2004/05	2005/06	2004/05
Transactions with associates				
Sales to Amoena spol.s.r.o.	6	5		
Sales to Amoena Kft.	3	3		
Sales to Amoena Portugal Lda.	2	2		
Sales of goods and services to associates	**11**	**10**		
Transactions with Group enterprises				
Sales of goods			2,500	2,487
Sales of services/royalty payments			588	197
Purchase of goods			-165	-98
Purchase of services			-154	-141
Financial income			57	47
Financial expenses			-11	-1
Sale of property, plant and equipment			41	135
Purchase of intangible rights			-177	0
Receivables			1,125	1,125
Payables			704	161

The parent company's net revenue includes royalty payments from Group enterprises of mDKK 569 (2004/05: mDKK 175). Royalty payments have no impact on consolidated revenue.

There have been no material transactions with other related parties. For details about remuneration paid to the members of the Group Management and the Board of Directors, please see notes 3 and 23 to the financial statements. All related party transactions are effected on an arm's length basis.

NOTE		Group mDKK 2005/06	Group mDKK 2004/05	Parent mDKK 2005/06	Parent mDKK 2004/05
32.	**Subsidies**				
	During the financial year the Group received public subsidies amounting to mDKK 1 (2004/05 mDKK 1) for research and development and mDKK 0 (2004/05 mDKK 2) for investments.				
33.	**Events occurring after balance sheet date**				
	Coloplast has resolved to close down the factory in Lancing, Great Britain, in March 2007.				
	An office property in Kokkedal, Denmark, has been sold and will be transferred to the buyer at 1 January 2008.				
	Coloplast has resolved to implement a new production strategy. See the Management's Report for further information.				
	The above-mentioned matters are not expected to have a material impact on the financial results or equity.				
	Other than as set out above, no events have occurred after the balance sheet date which are deemed to have a material impact on the financial results or equity.				
34.	**Adjustment for non-cash operating items**				
	Depreciation	437	347	243	184
	Gain/loss on fixed assets sold, net	0	10	-16	-48
	Change in other provisions	44	-18	0	2
	Total	481	339	227	138
35.	**Changes in working capital**				
	Inventories	191	229	-11	148
	Receivables from sales	-422	-20	-13	-2
	Other receivables	261	28	-640	-139
	Payables to suppliers, etc.	79	104	675	165
	Total	**109**	**341**	**11**	**172**
36.	**Liquid reserves**				
	Marketable securities	1	334	1	334
	Cash	1	1	0	1
	Bank balances	147	764	16	572
		149	1,099	17	907
	Utilised credit facilities, short term	-277	-71	-92	-6
	Total	**-128**	**1,028**	**-75**	**901**
37.	**Unutilised credit facilities**				
	Unutilised credit facilities	2,510	2,226	2,164	1,728
	Of which long-term facilities with a duration of more than 1 year	1,574	1,087	1,564	1,000

38. Income statement, quarterly (unaudited)

Group	2005/06 Q1	2005/06 Q2	mDKK 2005/06 Q3	2005/06 Q4	2005/06 Året
Revenue	1,646	1,635	1,861	2,085	7,227
Cost of sales	-618	-599	-733	-934	-2,884
Gross profit	**1,028**	**1,036**	**1,128**	**1,151**	**4,343**
Distribution, sales and marketing costs	-513	-511	-574	-670	-2,268
Administrative expenses	-185	-177	-218	-236	-816
Research and development costs	-58	-58	-61	-86	-263
Other operating income	6	8	16	2	32
Other operating expenses	-3	0	-2	-8	-13
Separate items	0	0	-52	-8	-60
Operating profit	275	298	237	145	955
Financial income	8	5	19	3	35
Financial expenses	-47	-101	-52	-64	-264
Profit before tax	236	202	204	84	726
Tax on profit for the period	-72	-56	-69	-16	-213
Net profit for the period, continuing operations	164	146	135	68	513
Net profit for the period, discontinued operations	0	-5	108	-1	102
Profit for the period	164	141	243	67	615
Minority interests	0	0	0	-1	-1
Coloplast's share of profit for the period	**164**	**141**	**243**	**66**	**614**
Earnings per Share (EPS) (A and B shares)	4	3	3	1	11
Earnings per Share (EPS) (A and B shares), diluted	4	3	3	1	11

Group	2004/05 Q1	2004/05 Q2	mDKK 2004/05 Q3	2004/05 Q4	2004/05 Året
Revenue	1,496	1,462	1,611	1,663	6,232
Cost of sales	-640	-559	-632	-612	-2,443
Gross profit	**856**	**903**	**979**	**1,051**	**3,789**
Distribution, sales and marketing costs	-461	-444	-462	-486	-1,853
Administrative expenses	-168	-160	-199	-167	-694
Research and development costs	-56	-50	-55	-54	-215
Other operating income	13	2	4	-4	15
Other operating expenses	-2	-3	0	-11	-16
Separate items	0	-17	-2	-7	-26
Operating profit	182	231	265	322	1,000
Financial income	32	-13	11	18	48
Financial expenses	-66	-7	-63	-75	-211
Profit before tax	148	211	213	265	837
Tax on profit for the period	-51	-66	-62	-93	-272
Net profit for the period, continuing operations	97	145	151	172	565
Net profit for the period, discontinued operations	-2	-2	-3	-3	-10
Profit for the period	95	143	148	169	555
Minority interests	-1	-1	1	-1	-2
Coloplast's share of profit for the period	**94**	**142**	**149**	**168**	**553**
Earnings per Share (EPS) (A and B shares)	2	3	3	4	12
Earnings per Share (EPS) (A and B shares), diluted	2	3	3	4	12

SHAREHOLDER INFORMATION

Stock Exchange Information 2005/2006

2005

06/2005	25/10	Financial calendar for 2005/06
07/2005	25/10	Annual Report 2004/05 and Annual General Meeting
08/2005	02/11	The Department of Health in the UK issues consultation document
09/2005	16/11	Annual Financial Statement 2004/05
10/2005	30/11	Notice convening Annual General Meeting in Coloplast A/S
11/2005	14/12	Annual General Meeting in Coloplast A/S on 14 December 2005 at 16.00
12/2005	14/12	The Board of Directors of Coloplast A/S elected its own Chairman and Vice-Chairman

2006

01/2006	01/02	Coloplast consolidates manufacturing operations
02/2006	08/02	New segmentation and changes in accounting policies applied
03/2006	10/02	Quarterly report, Q1 2005/06
04/2006	14/02	Coloplast disvests Sterling Medical Services and signs supply agreement with leading US healthcare distributor
05/2006	27/03	Coloplast has signed an offer to buy Mentor's urology business
06/2006	18/04	Coloplast's divestment of Sterling Medical Services has now been completed
07/2006	16/05	Interim Financial Statement, 2005/06
08/2006	16/05	Issue of Financial Statement Q3 rescheduled
09/2006	18/05	Mentor and Coloplast has signed the definitive agreement on Coloplast's acquisition of Mentor's urology business
10/2006	02/06	Coloplast has completed the acquisition of Mentor's urology business
11/2006	07/06	UK healthcare reform – further dialogue expected
12/2006	12/06	Coloplast's Capital Market Day 2006
13/2006	21/06	Change of management in the Urology and Continence Care Division
14/2006	17/08	Interim Financial Statement, 3 quarters 2005/06
15/2006	30/08	Coloplast has appointed new Senior Vice President for the Urology and Continence Care Division
16/2006	31/08	Change of management in Germany

Financial Calendar 2006/07

2006

18.10	Closing period until 15 November
15.11	Financial Statement for the year and Annual Report 2005/06
13.12	Annual General Meeting
19.12	Payment of dividends for 2005/06

2007

18.01	Closing period until 8 February
08.02	Financial Statement for Q1 2006/07
24.04	Closing period until 15 May
15.05	Interim Financial Statement 2006/07
26.07	Closing period until 16 August
16.08	Financial Statement for Q3 2006/07
23.10	Closing period until 20 November
20.11	Financial Statement for the year and Annual Report 2006/07
18.12	Annual General Meeting

Banks and stockbroking companies following Coloplast

ABG Sundal Collier	Enskilda Securities
ABN AMRO	FIH Capital Markets
Alm. Brand Bank	Gudme Raaschou Bank
Carnegie Danmark	Handelsbanken Securities
Cazenove	Jyske Bank
Dansk Aktieanalyse	Mainfirst
Danske Equities	Standard & Poor's
Deutsche Bank	Sydbank A/S

www.coloplast.com

All announcements issued to the Copenhagen Stock Exchange information, news releases, financial calendar, share analysts and the current share price are available at the corporate website under Investor Relations. The accounting figures are uploaded as downloadable spreadsheets. You may receive an e-mail when news is launched at the website. Please register with Coloplast's e-mail service.

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Annual Report

The printed Danish version represents Coloplast's annual report for 2005/06.

Responding to the needs of website users to access our annual accounts, we also publish the annual report in electronic form on our corporate website: www.coloplast.com. Both the printed and electronic versions are available in English.

The contents of the electronic version of the annual report are identical with the contents of the printed version, except for the graphical layout and references.

Additional information

On our website you may also find detailed information about issues on presented in summary form in printed report, eg corporate governance at Coloplast, managing business risks and various general information.

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TEAM PLAYERS IN THEIR SPARE TIME TOO. The plant operators, the warehouse staff and the technicians, the engineers and the managers all meet regularly to play football in Tatabánya, Hungary. Even though their main priority is to have fun, Zoltán Szemes, Zsolt Gavlik, Tibor Galgán and István Kiss are all proud of playing in the first division in Tatabánya's company football league.

COLOPLAST AT A GLANCE

Coloplast was founded in 1957 and listed on the Copenhagen Stock Exchange in 1983. We develop, manufacture and market medical devices and services to improve the quality of life of the users of our products. In September 2006, we employed more than 7,000 people.

Coloplast has four product areas:

- Urology and continence care products for people with problems in the urinary system
- Ostomy products for people whose intestinal outlet has been surgically rerouted through the abdominal wall
- Dressings for the treatment of chronic wounds and skin care products for prevention and treatment
- Breast forms and special textiles for women after breast surgery

The company operates globally, and mainly on niche markets with a few large suppliers.

Most of our products are reimbursed by the healthcare authorities. Coloplast has in-depth knowledge about the healthcare systems of the countries in which we operate, and we are represented by sales subsidiaries in the most important markets.

We supply our products to hospitals, institutions, wholesalers and retailers. In certain markets, we are direct suppliers to users and are thus able to provide optimum advice.

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